

News Summary

GENERAL

Apollo: U.S. steel strike respite

STRIKE THREAT to the U.S. steel industry has been postponed by a decision of the United Steel Workers of America to extend their deadline for a contract settlement by 24 hours until midnight last night. The extent of the strike will depend on what the union might be on the verge of agreement with the nine major steel producers. Talks were going on in Washington.

"We found just what we came

"Scott radioed as they thumbed up samples of the rocks, which are expected to prove over 100 years old.

Throughout the expedition, they behaved like excited youngologists turned loose in a rock garden. Scientists at Houston are equally ecstatic.

They scrapped their mission for yesterday's expedition to leave their buggy along steep slopes at the base of the Appenine mountains, the highest on the moon. Mission control repeatedly warned them to be careful on the slopes, and Scott fell in, but the buggy was never trouble after having its front wheel fixed.

Back Page

Five Swan Hunter yards to halt

WORK IN SWAN HUNTER'S five Tyne shipyards will stop, it is expected, soon after the yards reopen today at the end of the annual fortnight's holiday. The cause is yesterday's decision at a 1,200-strong meeting that the 3,000 ancillary workers are to go on unofficial strike in support of a pay claim. Their decision was taken despite an appeal by Mr. Ken Baker, GMWU national industrial officer, for acceptance of average rises of £1.10 with the promises of immediate talks to settle a new pay deal. Jobs of 10,000 men in other trades are threatened. The GMWU men are not likely to meet until Friday. Back Page

TWO-DAY STOPPAGE, to-day and to-morrow, by 150 computer staff at the Giro centre, Bootle, is to be discussed by Mr. Bill Ryland, Post Office chairman, and Mr. Alistair Graham, official of the Civil and Public Services Association to which the 150 belong. If the pay dispute is not settled the 150 plan a three-day strike next week, four days the week after and then an indefinite strike. Page 19

TRADES UNION CONGRESS in Blackpool next month is to hear attacks on the Government's policy on wages and the nationalised industries. On the Industrial Relations measure one of the print unions, SOGAT Division A, is proposing that any union deciding to register should be expelled from the TUC. Unemployment is the subject of many resolutions published in the preliminary agenda to-day. Page 19

INDUSTRIAL COMPANIES reporting in July disclosed profits 1.8 per cent lower than for their previous year, the F.T. analysis shows. The first fall in this year, it compares with a 7 per cent average rise for the first six months. July dividends' rise of 0.5 per cent stood against a first-half average of 0.9 per cent. Back Page

Fateful vote on Lockheed

LOCKHEED LOAN guarantee legislation goes to the U.S. Senate to-day for what could be a decisive vote. The House of Representatives' Bill, approved on Friday by 192-189, deals only with aid for Lockheed, both chambers having agreed to abandon the "broad aid" Bill. The vote is likely to be close; the result may depend on the decision of as few as three Senators. Back Page

PRESCRIPTION CHARGES under the National Health scheme are being re-studied in view of doctors' and pharmacists' opposition to earlier suggestions for basing them on costs of medicines. Apart from a possibility that the charges will not be altered the Government is examining a different method of relating charges to real costs and, alternatively, periodic rises in the prescription flat rate charge, now 20p. A decision is not expected until later this year. Page 19

NATIONAL MANAGEMENT Game winners are Rolls-Royce (1971) whose five men from the Derby engines division financial controller's office received the championship silver rose bowl. Crosley Carpets were second, Peat Marwick Mitchell third. Page 19

60-hour search of about 10 homes in the Harlow area will be undertaken. Detectives trying to trace 16-month-old Denise Weller, who died from her pram in the town on Friday.

UCS stewards seek massive funds to continue 'work-in'

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

CLYDEBANK, August 1.

Shop stewards at Upper Clyde Shipbuilders are launching a massive campaign for funds to keep going the "work-in" which started on Friday. "We are making an appeal to the labour movement at large to sustain us," said Mr. James Airlie, chairman of the UCS joint shop stewards' committee.

He was speaking after a meeting of the co-ordinating committee (which includes full-time trade union officials) here to-day. The Clydebank yard, which employs more than 3,000 people and is due to close next March unless a buyer is found, is the only UCS unit at work; the others are still on their annual holiday.

Factory tour

The shop stewards have received shoals of telegrams, letters and messages from all over Britain, and a few from abroad, promising help. But, while they need all the moral support they can get for their move, sympathy and even promises are not enough.

So in the next few days leading shop stewards will start touring factories throughout the West of Scotland asking for voluntary levies to be imposed in aid of UCS men who are in increasing numbers to be made redundant.

They will need the money quite soon for to-morrow week

Switching ship

To-day the co-operating committee was considering another "problem" likely to arise in the next few weeks. It is the switching of a "Clyde design" cargo ship from the Scotstoun yard for which it was originally intended to Govan.

Scotstoun is the first UCS yard to be closed, probably before the end of the year. The "Clyde" ship is one of three on

the first redundancy notices will reach anything up to 400 employees, mostly staff. To-day Mr. Robert Smith, the liquidator, three weeks ago, Work, said Mr. Smith, is soon to be resumed, and he had indicated the switch falls within the Government's rescue operation announced by Mr. John Davies, Secretary for Trade and Industry, last Thursday.

The keel of the ship is being prefabricated at the Linthouse steel factory (also to be retained), a few hundred yards from the Govan yard. All three units are on their annual holidays until August 9.

In the meantime the shop stewards, who are almost certain to resist the switch, which would in their eyes confirm the demise of Scotstoun, will hold talks with other unions involved in the transfer of fabricated steel sections from Linthouse to Govan. They may also attempt to have them shipped to Govan across the River Clyde.

To-morrow's emergency debate in the House of Commons on UCS is being watched here

Continued on Back Page

Heath abandons yacht race to attend debate

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER changed his yacht-racing plans and returned from Cowes to Chequers yesterday evening to help prepare the Government's tactics for dealing with today's emergency debate on Upper Clyde Shipbuilders. A major political storm is expected in the Commons.

The two Ministers most closely involved with the fate of UCS—Mr. John Davies, Secretary for Trade and Industry, and Mr. Gordon Campbell, Secretary for Scotland, joined Mr. Heath at Chequers last night for talks over dinner.

Wilson's taunt

The Prime Minister will not be taking part in this morning's Admiral's Cup Race. Although the RAF had arranged to fly him back to Westminster by helicopter at the end of the race if he wanted, it was said yesterday that he had decided last Thursday that he must forgo the race.

Apparently he would have announced his decision then, had it not been for Mr. Wilson's taunt that the Prime Minister's presence would be "required" in the Commons to-day and that he "would not have time for sailing." Understandably, Mr. Heath was "not going to have the Leader of the Opposition saying he had forced him to abandon his plans," as one Tory politician put it last night.

Ministers recognised that their

decision on UCS could create formidable political difficulties for the Government, especially in view of Clydeside's history of radicalism and the existing high level of unemployment there. But the report of the group of expert advisers on the financial state of the company was apparently worse than the Prime Minister had imagined, and it therefore decided it had no option but to lay down firm conditions of "self-help" to Clydeside and the shipbuilding unions if parts of UCS were to be saved.

Mr. Anthony Wedgwood Benn, Labour spokesman for trade and industry, will lead the Opposition's attack to-day on the Government for "deliberately seeking to destroy UCS as a political act."

Powerful impetus

Most Tory politicians—and some Labour ones—believe that he may be "playing with fire" politically by becoming so involved with the UCS workers' take-over of the yards. But last night there were signs that Mr. Benn had recognised this danger.

Those close to him stressed that he had never advised the shop stewards to organise their "work-in," but was naturally on their side when they announced their intentions. Mr. Benn, it was said, was not being to Trotskyism, but he did feel that the events at UCS must give a powerful impetus to the Labour Party's policy thinking on the need for industrial democracy and a greater sharing of power with the workers.

Even greater

Certainly, unless Mr. Benn manages to correct the impression given by some reports he could create difficulties for him and the Opposition if the take-over by the UCS workers leads to lead to violence. Labour leaders believe that after a week or so the take-over could be called off and the workers' protest tests then be channelled into more orthodox ways of demonstrating.

Mr. Wilson is to visit Glasgow on Wednesday for talks with the Scottish TUC, which has already announced that it is to hold its own public inquiry into the UCS

strike. Meanwhile Ministers are anxiously awaiting the result of President Nixon's moves to save Lockheed—and therefore the Rolls-Royce RB-211 engine—hefore Congress adjourns on Friday. But the Government will almost certainly continue to provide funds to keep the engine's production line going, as long as it believes the President has a good chance of eventually getting his legislation through. If the RB-211 were to die, the unemployment problem in Glasgow, where Rolls-Royce has a plant, would become even greater.

Recovery

Mr. Jocelyn Hambro, chairman of Shipping Industrial, commented on the debts: "I am absolutely certain that the position is now all right and I feel sure the auditors agree with me."

Mr. Roy Brooks, company secretary, added: "We believe the money will be recovered in full. It is due from travel agents and some individuals."

"The computer was inefficiently programmed and it could not adequately cope with the volume of input given to it. Things got lost."

in their qualifications, the auditors stated: "In our opinion, records (including computer records) were not properly kept by the company during the year to December 31, 1970, with regard to revenue and debtors and we have consequently been

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IN ONE of the most important anti-trust settlements in many years, International Telephone and Telegraph, the best-known U.S. conglomerate, has agreed to sell several major companies acquired over the last decade in order to secure control of the Hartford Fire Insurance Company, the merger which has been vigorously fought by the U.S. Justice Department.

The details of the complex settlement were announced in Washington yesterday and should lead to an end to the three-pronged running battle between the anti-trust division of the Justice Department, under Mr. Richard McLaren, and ITT, the country's eighth largest company. The terms of the agreement, which still have to be secured court blessing, are as follows:

ITT will, within two years, divest itself of its holdings in Canteen Corporation (a food and vending concern acquired in 1969), and the Fire Protection division of the Crinnell Corporation (a water sprinkler manufacturer also acquired in 1969).

Within three years, ITT will also have to choose between surrendering control of Hartford (also bought in 1969) or selling off four other subsidiaries: Avis Rent-A-Car (bought in 1965), ITT-Levitt and Sons, the nationally known home builders (bought in 1968), ITT-Hamilton

Life Insurance Company and ITT

Financial Diary

FT Share Information

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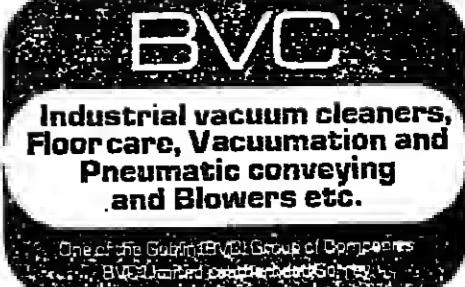
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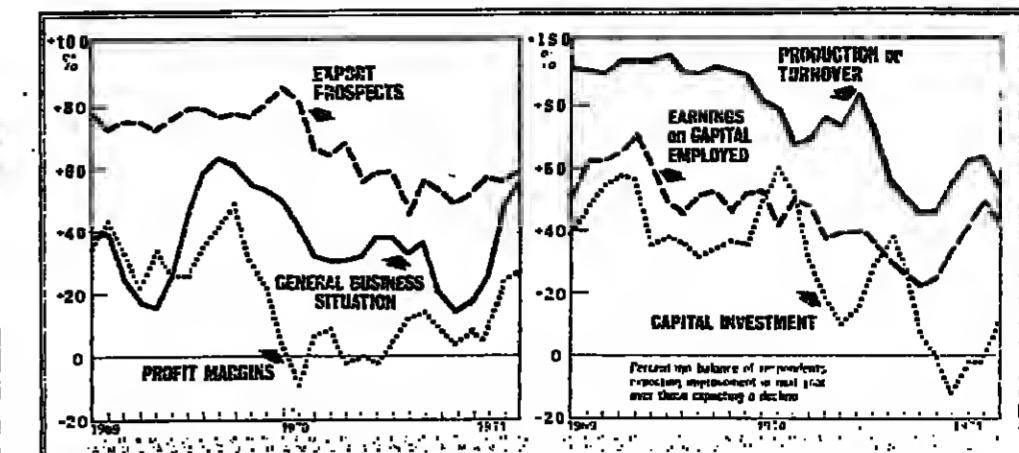
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INTEGRATED
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ITI Monthly Survey of Business Opinion

Greater confidence in industry



There has been a further improvement in business confidence this month, both with regard to the general business situation and to the prospects for the U.K. economy over the next twelve months. Only a quarter of this month's sample was interviewed by Mr. Robert Smith, the liquidator, three weeks ago. Work, said Mr. Smith, is soon to be resumed, and he had indicated the switch falls within the Government's rescue operation announced by Mr. John Davies, Secretary for Trade and Industry, last Thursday.

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RETURN ON TOTAL CAPITAL EMPLOYED

Those expecting pre-tax profits on total capital employed in the next year to:	4 monthly moving total					July 1971
	Apr.-Jul.	May	Jun.	Jul.	Aug.	
Improve	58	62	58	46	48	40
Remain the same	26	23	17	30	32	60
Contract	15					

CBI's policy

Sir.—The article by Samuel Brittan in your issue of July 29 consists of two statements which cannot stand uncorrected. Unfortunately, having made them, Mr. Brittan uses them to develop the main arguments in his article.

I refer first to the phrase "...and the CBI is being transformed into an organ of Government policy..." To the general reader this can only imply that the CBI's initiative was a put-up job between the CBI and the Government. Nothing could be further from the truth. The CBI launched its initiative on prices because, as explained in its Memorandum to Comptos, which the Financial Times has already published, it believed it to be in the best interests of British industry and commerce to make a move which might lower the rate of inflation—a rate which was becoming increasingly damaging to industry's future profits and investment, and therefore to the country's competitive ability. The CBI does not exist to bolster up the policies of the Government of the day; it exists to put forward policies which it believes to be in the best interests of industry and commerce. The fact that at times the two interests may coincide is no reason to suggest that the CBI is a tool of Government.

Secondly, Mr. Brittan says that "...based on the attractions of the old system and the seemingly expedient..." This is precisely the opposite of the actual situation. The Council of the CBI has taken this step well aware that it may be at the expense of industry's short-term interests, but believing that if the rate of inflation can be turned back the medium and long term outlook will be considerably brighter. This can hardly be called a short-term expedient.

As an admirer of Mr. Brittan's articles, I am sorry to see him basing this one on two such obvious fallacies.

Campbell Adamson,
Director-General CBI,
22, Tottishill Street, SW1.

Mr. Barber's mini-budget

Sir.—Mr. Samuel Brittan's articles on Mr. Barber's mini-budget suggest that overheating of balance of payments crisis, etc., will be the result. He does not back this with any figures so the argument depends on his authority. In August, 1970, he was congratulating the Government for failing to implement the "one stroke" package of measures for the same reasons. Yet that failure lies behind the high and rising rates of unemployment that we have to-day.

We have had 2 per cent average growth for 7 years now since 1964 compared with 3 per cent growth in capacity. If we were overusing capacity by 3 per cent in 1964, that still leaves 4 per cent in 1964, the 7 per cent shortfall to make up. Mr. Barber's measures will probably make up that 4 per cent, in three years since we are now to have growth of 4.4 per cent—1.4 per cent above the growth of capacity.

The public spending cuts of last October are cumulative in their effect up to a total of £1,500m. in 1974-75—about equal to the cuts since June, 1970. Thus the resolution will be gradually drawn back by the Government leaving us near a neutral budgetary policy at just about the time when the underside of capacity will have been removed.

As to inflation, Mr. Brittan hints that perhaps only rising unemployment will keep wage demands down. This may be an interesting speculation, but if he really believes policy should be based on it he should do a little more to prove it than he did.

Chairman,
The Venice in Peril Fund,
18 Carlton House Terrace,
S.W.1.

the Scuola of S. Giorgio degli Schiavoni and S. Marco is all financed by Italian contributions.

The British effort, begun after the 1966 floods by the Italian Art and Archives Rescue Fund and continued under its successor, Venice in Peril, has already completed Tintoretto's parish church, the Madonna dell'Orto, in the first comprehensive restoration—that is of fabric, pictures, sculpture, lighting and so on—ever carried out in the city. New projects will shortly be announced. Meanwhile money is still urgently needed and—lest any prospective contributor should be discouraged by Miss Sterling's article—it should be noted that the Venice in Peril Fund is administered directly in London. Though we are busy and proud to have the advice and co-operation of the Venetian superintendence, all decisions taken are our own, while we and we only are responsible for the results.

Norwich,
The Venice in Peril Fund,
18 Carlton House Terrace,
S.W.1.

Train track failures

Sir.—Well reasoned though at first sight it appears, the letter from Mr. L. Martin Weaver, F.R.I.C.S., in your issue of July 28 betrays a lack of knowledge of the basic facts about the subject.

Many people "drew attention at the highest level" to their views following the track buckling incidents on continuous welded track in 1969. Each one of the letters received was given the most scrupulous attention here to see whether it contained anything of value. It is true to say that in all cases the remedies put forward were either standard practice already, had been tried and rejected or else were manifestly not feasible. Nevertheless, we appreciated the genuine interest of those who contacted us.

Mr. Weaver in his letter to you condemns in general terms our technical judgment of the situation but offers his opinion in terms that are difficult to understand.

Where he is more specific—for example, when he says "it (the old-type jointed rail) was proved to be safe"—he can be answered in equally specific terms: the old-type track is safe but the new type of continuous welded rail track is even safer because the number of joints is reduced.

It is not easy for the layman to understand the heat expansion considerations surrounding the continuous rail. Mr. Weaver seems to be no exception. The facts are that in 1970, as a re-

sult of our efforts following the unusually high number of incidents in 1969, the buckling of continuous welded rail track mile for mile, was less than the "proved to be safe" old-type jointed rail track. The situation to date in 1971 is very much better than it was in 1970. Our view, as the responsible experts in this field is, contrary to Mr. Weaver's opinion, that the Venice in Peril Fund is administered directly in London. Though we are busy and proud to have the advice and co-operation of the Venetian superintendence, all decisions taken are our own, while we and we only are responsible for the results.

Norwich,
The Venice in Peril Fund,
18 Carlton House Terrace,
S.W.1.

Restoration in Venice

From Viscount Norwich

Sir.—In her article on Venice published in your issue of July 28 (page 7) Claire Sterling paints a dismal picture indeed of political and bureaucratic discord while—as she puts it in her concluding sentence—"Venice continues to sink, crack, rot, decay, crumble." The truth is that Venice's future prospects are now, thanks to the international programme sponsored by UNESCO, a good deal brighter than they have been for a quarter of a century or more. The extraction of fresh water from under the bed of the lagoon, a practice which was responsible for much of the disastrous subsidence, has now been halted; some measures against the atmospheric pollution which is attacking the town and marble are already being taken and more are expected; a scientific research institute under Italy's leading oceanographer is in full operation; most impressive of all, restoration work is in full swing all over the city—at the Salute, S. Rocco, S. Maria dei Miracoli, to name but three. Nor is this restoration work entirely the result of foreign initiatives; work on Santo Stefano and

on the many who consider that in 1929 in Northern Ireland was created the first Fascist-style government in Europe: there are very many others who might not subscribe to that view but would find interment without trial both repulsive and dangerous. There might be a modicum of justice and sense in such a policy if it were extended to also include terrorists of another kind—those members of Parliament and Government who by words and actions have demonstrated a determination to frustrate the implementation of reforms. (We even have an English MP—Mr. Angus Maude—who like them tries to convince the suffering English that

the shadow is the substance. He wrote in the Sunday Express recently that the minority's grievances were ended since legislation for reforms had been passed.)

What seemed to be a conspiracy of silence about the facts of life in Northern Ireland was ended a couple of years ago by the last British Government and credit must be given to Mr. Callaghan the then Home Secretary for taking the pot of the hole with the first constructive effort for peace. Only when it became obvious that the reforms were going to be resisted by the Unionist Party almost to a man did violence again break out.

Ignoring the advice "Better keep your mouth shut and be thought a fool, rather than open it and put the question beyond all doubt," I would suggest some outlines for action that might be constructive: (1) Suspend the constitution governing Northern Ireland initially for a year, with powers to extend the period. (2) Create a provisional government comprising the present members at Stormont and an equal number of persons nominated by the political parties at Westminster and Dublin. (3) Embark on a blitz campaign of slum clearance, rehousing and redevelopment (give some work to the street hooligans who are disused youths, simply demobilised youths). (4) Reorganise and increase in numbers the Police Force which should be unarmed. (5) Temporarily confiscate all firearms in private hands. (6) Concurrently embark on a programme of giving to every member of the public detailed information and reasoning behind all activity—convince them that construction and life must be the choice, not destruction and death.

All of this would cost a lot of money, more than the hundreds of millions we now pour into the province with little thanks, appreciation or effectiveness. Perhaps the English taxpayer would cough up a bit more—he is already doing so indirectly in the terrific insurance losses—but there might also be a bigger direct contribution from Northern Ireland by way of a capital levy and/or a land values tax.

T. Malley.
22, Buxton Avenue,
Gorleston.
Gt. Yarmouth.

Reserving our water

Sir.—Your Science Editor's article on water in your issue of July 27 is most timely. In addition to the approximately 40 gallons of domestic water consumed per head per day, there is a very large industrial water requirement, in particular

for the electric power stations. This brings the total requirements per head per day to nearly 200 gallons.

Our average rainfall per head per day is more than six times this amount, therefore the main problem seems to be how we are to reserve our water, so as to even out the peaks and troughs of rainfall. At the Royal Society of Arts' Meeting on Water Resources on June 23, I put forward a suggestion which I now repeat, that the many underground cavities which exist, such as disused coal mines, be developed as water reservoirs, without damage to our ecology.

While this method of reserving water is likely to be the most effective way of meeting the increasing demands for water in the future, the reuse of water, and desalination are no doubt also going to play an important part.

Pat Adorian.
67c, Eaton Square, S.W.1.

international centre would gain immediate massive support in London, but could not achieve visibility in Birmingham for a very long time, if ever. Nevertheless, we commend Birmingham's initiative and would like to see their proposal proceed, provided that it was developed in a series of stages which accorded more closely with the prospective rate of growth in demand. The success of any new exhibition centre will be heavily dependent on its achieving a high rate of occupancy quickly.

For there could be no more dismal advertisement for British industry than a series of cavernous voids in the tenancy schedule of its main international showpiece.

Turning to specific points, you quote a cost for the Birmingham Centre of £13.75m. and compare this with a figure of £21.5m. for London. I would like to point out that the estimate for London is totally comprehensive: in particular it includes a total of some £6m. for the construction of the proposed hotel and of the access roads and motorway and also covers the very important matter of financial costs during the construction period.

I do not think that figures on comparable basis have ever been given in respect of the Birmingham proposal.

You make the point that the London scheme provides only 10,000 car parking spaces compared with Birmingham's 15,000. It should be added, however, that the Central Metropolitan Pierced tube lines (and the Western Region main line) will provide easy access to the Northolt site from most parts of the London area while visitors to the Elmdon site in Birmingham (other than long-distance air and rail travellers) would be entirely dependent on road access.

On the question of hotel accommodation in Birmingham, you refer to the 6,000 beds now available (I think within 20 miles of the centre) with 4,000 more in the pipeline. At the recent 1.m. square feet IPEX exhibition in London there were some 4,000 exhibitors personnel on the stands and attendance of foreign visitors was over 41,000 in 11 days. The hotel and entertainment requirements for all these foreign guests together with the needs of many of the 160,000 British visitors were all met within the London area over a period when London was also playing host to 5,000 delegates (and their families) to the American Bar Association Conference. I do not think that any further comment is necessary on the size—and cost—of the task which Birmingham would face in trying to create from scratch sufficient facilities to deal with periodic influxes

of this order on top of the normal commercial demands of the city.

Finally, I would like to mention one misunderstanding at this point—the Department of Trade and Industry has provided planning permission can be obtained by Government subsidies are required, there is nothing wrong to stop the London Exhibition Centre from going ahead. It would indeed be bizarre if this Government were to do any other decision, since it is shown in many instances high a value it sets on the decisions of the market-place how low a value it places publicly subsidised ventures supported by their prospective customers.

G. A. M. Ritson, Director, Association of Exhibition Organisers, 10, Manchester Square, W.1.

Conference centre

Sir.—I was in a train going from Brussels to Liege yesterday. I read Mr. Engert's letter to you (July 28) regarding the lack of a conference centre in Liege, too, has its Palais Congress, and very fine it is.

As a conference veteran I testify that Paris, Rome, Vienna all offer excellent facilities. But Britain nothing.

True, I recollect that one international association, feeling only fair that this town should have a turn as host, even a share of the tourist p—assimilated—one year at a time. I have not heard that wish to return.

There may be better sites Liverpool Street, which Engert proposes, but it has at least one advantage. It is says, "screaming for redemption." Its rail facilities excellent, even for those needing west.

Such a situation would the provision of conference port services such as mailing and simultaneous translating relatively easy.

If provided, an instant benefit might accrue to workers. Catering in this of work need the spur of petition, both in price of quality. An international apart from providing its restaurant, could well attract the needs of many of the 160,000 British visitors, were all met within the London area over a period when London was also playing host to 5,000 delegates (and their families) to the American Bar Association Conference. I do not think that any further comment is necessary on the size—and cost—of the task which Birmingham would face in trying to create from scratch sufficient facilities to deal with periodic influxes

E. R. H. Sheldon.
148, Priory Lane, Shenfield, Brentwood, Essex

Events

TV Radio

* Indicates programme in black and white.

BBC 1

11.45 a.m. Apollo 15. 12.00 Cricket: Yorkshire v Lancashire. 1.30 p.m. Watch with Mother. 1.45 News. 1.50 Apollo 15. 3.00 Cricket: Yorkshire v Lancashire. 4.45 Your World. 5.15 Play and Dance. 6.20 Ballet. 6.45 Apollo 15. 7.00 Sebastian and the Horses. 7.45 Ernie's first £50,000: reports from Lytham St. Annes. 8.00 News. 8.00 Apollo 15. 8.20 London This Week. 8.35 Here's Lucy. 8.45 Coronation Street. 9.00 The World of Whicker. 9.30 You're Only Young Twice. 9.45 The Sinners. 10.00 News at Ten. 10.30 Miss TV Times: Tonight's finalists parade for the title "Miss TV Times" 1971. 11.15 Late Night Thriller.

12.00 Apollo 15. "Tales of Edgar Wallace." 4.45 York. 4.55 Y.A.T. 5.00 News from ITN. 5.30 Panorama. 6.45 Opportunity Knocks. 7.00 Coronation Street. 7.30 The World of Whicker. 8.00 You're Only Young Twice. 8.30 The Sinners. 8.45 The Big Question. 9.00 News at Ten. 10.00 Miss TV Times: Tonight's finalists parade for the title "Miss TV Times" 1971. 11.15 Late Night Thriller.

12.15 Late Night Thriller. 12.45 Unorthodox Beliefs: Christopher Evans talks to May Hutton, member of the Bahai Faith. 12.55 Monday's Flying Circus. 13.00 24 Hours. 13.15 BBC 1 TV Regions as London except at the following times:

All Regions as BBC 1 except at the following times:

Wales: 11.45 a.m. Apollo 15. 1.30 p.m. Wales. 2.30 News. 3.00 News. 4.00 News. 5.00 News. 6.00 News. 7.00 News. 8.00 News. 9.00 News. 10.00 News. 11.00 News. 12.00 News. 13.00 News. 14.00 News. 15.00 News. 16.00 News. 17.00 News. 18.00 News. 19.00 News. 20.00 News. 21.00 News. 22.00 News. 23.00 News. 24.00 News. 25.00 News. 26.00 News. 27.00 News. 28.00 News. 29.00 News. 30.00 News. 31.00 News. 32.00 News. 33.00 News. 34.00 News. 35.00 News. 36.00 News. 37.00 News. 38.00 News. 39.00 News. 40.00 News. 41.00 News. 42.00 News. 43.00 News. 44.00 News. 45.00 News. 46.00 News. 47.00 News. 48.00 News. 49.00 News. 50.00 News. 51.00 News. 52.00 News. 53.00 News. 54.00 News. 55.00 News. 56.00 News. 57.00 News. 58.00 News. 59.00 News. 60.00 News. 61.00 News. 62.00 News. 63.00 News. 64.00 News. 65.00 News. 66.00 News. 67.00 News. 68.00 News. 69.00 News. 70.00 News. 71.00 News. 72.00 News. 73.00 News. 74.00 News. 75.00 News. 76.00 News. 77.00 News. 78.00 News. 79.00 News. 80.00 News. 81.00 News. 82.00 News. 83.00 News. 84.00 News. 85.00 News. 86.00 News. 87.00 News. 88.00 News. 89.00 News. 90.00 News. 91.00 News. 92.00 News. 93.00 News. 94.00 News. 95.00 News. 96.00 News. 97.00 News. 98.00 News. 99.00 News. 100.00 News. 101.00 News. 102.00 News. 103.00 News. 104.00 News. 105.00 News. 106.00 News. 107.00 News. 108.00 News. 109.00 News. 110.00 News. 111.00 News. 112.00 News. 113.00 News. 114.00 News. 115.00 News. 116.00 News. 117.00 News. 118.00 News. 119.00 News. 120.00 News. 121.00 News. 122.00 News. 123.00 News. 124.00 News. 125.00 News. 126.00 News. 127.00 News. 128.00 News. 129.00 News. 130.00 News. 131.00 News. 132.00 News. 133.00 News. 134.00 News. 135.00 News. 136.00 News. 137.00 News. 138.00 News. 139.00 News. 140.00 News. 141.00 News. 142.00 News. 143.00 News. 144.00 News. 145.00 News. 146.00 News. 147.00 News. 148.00 News. 149.00 News. 150.00 News. 151.00 News. 152.00 News. 153.00 News. 154.00 News. 155.00 News. 156.00 News. 157.00 News. 158.00 News. 159.00 News. 160.00 News. 161.00 News. 162.00 News. 163.00 News. 164.00 News. 165.00 News. 166.00 News. 167.00 News. 168.00 News. 169.00 News. 170.00 News. 171.00 News. 172.00 News. 173.00 News. 174.00 News. 175.00 News. 176.00 News. 177.00 News. 178.00 News. 179.00 News. 180.00 News. 181.00 News. 182.00 News. 183.00 News. 184.00 News. 185.00 News. 186.00 News. 187.00 News. 188.00 News. 189.00 News. 190.00 News. 191.00 News. 192.00 News. 193.00 News. 194.00 News. 195.00 News. 1

Overseas News



IN BRIEF

DUTCH Cabinet has decided to repeal the wages and prices regulations introduced by the previous Government, although the wages and prices spiral is still a problem for the Dutch economy, and to appeal to industry and the trade unions to exercise restraint.

SWISS National Bank has been empowered to freeze foreign currency deposits in Switzerland for periods up to three months in times of monetary speculation. Agreement to this measure was obtained by the Bank from the Swiss Bankers Association. It will come into force on August 20.

CHILEAN operations of the Bank of America were officially taken over by the state to-day, six days after the Government of Marxist President Salvador Allende announced the Bank was being nationalised with compensation.

TAIWAN will ask the World Bank for a \$12m. loan to help finance its agricultural development programme.

AMERICAN COMMAND in South Vietnam announced the latest one-day pullout of troops to a month, reducing U.S. troop total by 2,900 to about 222,000 men.

U.S. troops suffered three dead and eight wounded in a North Vietnamese attack—the heaviest casualties in ground fighting in recent weeks.

CHINA must continue to build up its armed forces to ward against the possibility of a surprise attack from any quarter, said Forces Chief General Huang Yun Sheng, who said:

RHODESIA is to prohibit re-decoration of price maintenance. Announcing this in Umtali at the weekend the Minister of Commerce and Industry, Mr. Jack Muzzett, told copies of the draft legislation would be circulated to interested parties for comment.

CHILE—5,000 workers at Chile's huge State-controlled El Salvador copper mine are on indefinite strike over wages, the strike at a Chilean copper mine since the industry was taken over by the Coalition government of Marxist President Salvador Allende earlier this month.

McMahon sacks Foreign Minister after China row

PRIME MINISTER William McMahon announced here to-night that Foreign Affairs Minister Mr. Leslie Bury had resigned. He said Mr. Bury is being replaced by Attorney General Mr. Nigel Bowen.

But in Melbourne to-day, Mr. Bury told reporters: "Putting it in a good old Anglo-Saxon term, I have been sacked."

In a later statement he said: "Political life is full of hazards, even for Prime Ministers. I gladly accept them without recrimination."

Mr. Bury's attack on President Nixon's planned visit to China was made as he addressed a Liberal Party seminar in Melbourne.

He said: "The setting aside of so much knowledge and experience and the substitutions of amateurs impelled by democratic political motives is, in my view, fraught with danger."

He told the seminar that he had informed the Prime Minister that he would not accept a diplomatic appointment and wished to remain a backbencher in the House of Representatives.

In his announcement Mr. McMahon said Mr. Bury had an impressive record in which he

was announced, the 58-year-old Foreign Minister had said publicly that he had "profound misgivings about the process involved in the planned meeting between President Nixon and Chinese Premier Chou En-Lai."

Calling Mr. Nixon and Mr. Chou "amateurs," he criticised the idea of summit meetings and said in his view they were "a very poor substitute for the workings of informed professional diplomacy."

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In his announcement Mr. McMahon said Mr. Bury had an impressive record in which he

could take great pride. "He has earned the gratitude of all Australians," he added.

The Prime Minister also promoted West Australian backbencher, Mr. R. V. Garland, 37, to the post of Minister of Supply. Other Ministerial changes announced were: the Leader of the Liberal Coalition Government in the Senate, Senator Sir Kenneth Anderson, becomes Minister for Health. Senator Ivor Greenwood, the new Attorney General, previously was Health Minister.

Reuter

Mr. Garland was formerly Minister for Supply. He moves into fifth place in Government seniority. Senator Greenwood, the new Attorney General, previously was Health Minister.

John Gorton

Addressing a Liberal Party speakers' seminar in Melbourne Mr. Bury denied that his removal from the Foreign Affairs office had anything to do with ill-health. He gave no reason for his dismissal.

Shortly before his departure

Egypt's offer on Soviet forces

BY OUR OWN CORRESPONDENT

EGYPT'S President Mr. Anwar Sadat has told the U.S. that he will evacuate the Russian troops who are carrying out operational missions along the Suez Canal.

An interim agreement is reached between him and Israel, and if the Suez Canal is opened to free navigation.

This undertaking is understood to have been given to Mr. Michael Stern, head of the Egyptian desk in the State Department during his recent visit to Cairo, although Mr. Sadat's meeting with Mr. Stern was not publicised. It is now known that the two men met immediately after the American's arrival. A second meeting was scheduled but it did not take place.

According to sources in Tel Aviv the contents of Mr. Sadat's proposal was included in a file of 47 pages which was prepared by the Assistant Secretary of State, Mr. Joseph Sisco, who is now in Israel for talks with Premier Mrs. Golda Meir and the Defence and Foreign Ministers.

Mr. Sisco met Mrs. Golda Meir for two hours on Friday and is due to meet her again to-morrow.

Israeli observers said to me that Mr. Sadat's proposal did not constitute a change in the Egyptian position. Mr. Sadat is still insisting on crossing the Canal to which Israel objects, and is pressing for a prior Israeli undertaking for complete withdrawal to the international border within six months after the re-opening of the Canal.

Israel refuses to give such an undertaking and insists that the withdrawal be to "secure and recognised borders."

As to the eventual evacuation of Soviet troops from Egypt, Israeli observers remark that there will still be 12,000 to 15,000 Soviet experts and advisers stationed in Egypt to assist the Egyptian army. Thus, Egyptian dependence on the Suez Canal. He denounced these efforts as "a dangerous attempt to confuse Arab and world opinion."

He also accused the U.S. of abetting Israeli aggression by giving aid to Tel Aviv.

operations crews are withdrawn. Also, Israeli believe that the Soviet-Egyptian pact signed on May 24 extends Egyptian dependence on Russia for 15 years. Therefore, Israeli argue, Mr. Sadat's proposal is unsatisfactory.

Nevertheless Israeli officials told the Financial Times to-day that it is unlikely that Israel will reject flatly the Egyptian proposal and would probably submit a counter-proposal which could serve as a basis for further discussions.

• IN CAIRO Egyptian Foreign Minister Mr. Mahmoud Riad accused the U.S. to-day of trying to cover up the issue of Israeli occupation of Arab land by focusing efforts on a reopening of the Suez Canal. He denounced these efforts as "a dangerous attempt to confuse Arab and world opinion."

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Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar with effect from 2nd August, 1971.

Sime Darby Holdings Limited

All correspondence and documents for registration regarding the Principal Share Register should in future be sent to:

Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring-by-Sea,
Worthing,
Sussex.
Telephone: Worthing 44741 (STD Code 0903)

Sime Darby Holdings Limited.

"Quit government" call to Pakistan Army

BY OUR OWN CORRESPONDENT

MR. Z. A. BHUTTO said here over the weekend that although he does not want a direct confrontation with the armed forces, it was not in Pakistan's interest for the Army to go on governing the country for much longer.

Mr. Bhutto, chairman of the People's Party, the largest political party in Pakistan now that the Awami League has been outlawed, said that in view of the threat posed by India "we do not want to weaken our armed forces" and for that reason he did not want a confrontation.

But he declared himself opposed to "any procrastination in the return to civilian government." Mr. Bhutto was reporting

to the Press on his talks with President Yahya Khan about the return to civilian rule after his fourth meeting in a month with the President within a month.

He said: "We have crossed the first hurdle," but declined to say what this was.

• PRESIDENT YAHYA KHAN warned of the dangers of war in a television interview late on Friday when he said: "We are very near to war with India. I am watching the situation. If the Indians have the idea of taking a chunk of East Pakistan, it would mean war. Let me warn them and the world, it means total war." He denied charges of genocide, and accused India of stopping refugees from returning to Pakistan.

Other British companies involved in the project are Motherwell Bridge, who will build the

KARACHI, August 1.—storages tanks at the Suez end and Dunlop, who are subcontractors for the hoses on the seafarers.

The final price of \$280m. (including \$225m. in foreign credits) must be considered a good one for the Egyptians.

Constructors John Brown, who were originally to have built the Suez terminal, were replaced on that part of the project by the German Mannesmann Company and have not yet made up their minds whether to accept the one-third section of the pipelaying offered to them. If they finally turn down the offer, it is expected that another British company will take over, so that the Egyptians will be able to meet their obligations to the contractors.

The contractors themselves, Mr. Michael Etherton and Dr. Andrew Horrocks said they continued to support the Zambian people's aspirations, and had tried to be of some use in building the new nation.

As is usual in such cases no official explanations have been given, but in a letter from the Government to the university Vice-Chancellor, Professor Lameck Goma, the main reasons for the closure of the university and subsequent actions were given as the threat to law and order by the students. It was alleged that students had released gas-filled balloons which had exploded, injuring two citizens.

The statement says: "We do not believe that it is healthy to single out students in this way as a potentially suspect group."

We also fear that difficulties of interpretation and enforcement of adherence to such a pledge would bring authority into contempt."

The statement adds that the

university senate and staff consider the two deported lecturers "invaluable colleagues who have in every way attempted to bridge the gap between the university and the community . . . and have set an example which we would all wish to emulate."

The university senate and academic staff have issued a joint strongly worded statement deplored the undermining of academic freedom and in a statement by the university to the Government, taking disciplinary action which should have been left to university authorities.

They also consider the deportations against two staff members arbitrary and without foundation. The statement refers to President Kenyatta's Kanisa speech in which he said: "A university cannot meet its heavy responsibility to the nation unless it is able to grow and prosper within an atmosphere of freedom."

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This allegation has appalled staff who utterly refuse it as they do other previous allegations of student plans to overthrow the Government. The situation is unlikely to be clarified until students return to university for next term and meanwhile individual staff resignations are expected.

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The lecturers themselves

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Barber measures were badly needed

INDUSTRIALISTS are becoming more optimistic about the general business situation and the U.K.'s economic prospects for the next twelve months.

This is the main finding of the latest Financial Times monthly business opinion survey, which also suggests that there has been a further recovery of profit margins.

The survey was conducted at a time when most respondents were anticipating the effects of Mr. Barber's July mini-Budget; and a quarter of the sample was interviewed after the measures had been announced.

For the seventh month running the surveys shows a fall in

the index of total unit cost increases expected over the next twelve months. The median figure was 10 per cent, at about this time last year. It has now fallen to 7½ per cent.

This seems to reflect both the pruning of labour forces which has taken place this year and the feeling that there has been an improvement in the industrial relations atmosphere.

The survey shows that both the output and order situation had worsened before the July measures were announced, and that predictions of output levels over the next twelve months were still being revised downwards. Shortages of home orders were being quoted by 80 per cent of respondents as the

main factor limiting production, but the export situation had improved a little.

Of the three industrial sectors examined this month—building and construction, food and tobacco and textiles and clothing—the building industry was the most buoyant and textiles remained depressed. It will be some months before the effects of the mini-Budget on expectations are fully reflected in this survey.

In spite of the continuing improvement in the outlook for unit costs, the survey still shows that preponderance of companies—82 per cent—expect wage increases to remain in the 10 per cent to 14 per cent

range over the coming year.

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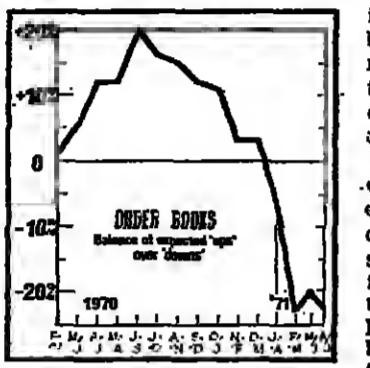
per cent of respondents as the

ORDERS AND OUTPUT

Home orders the key problem

Both the level of new orders and the total size of order books has continued to fall, with many respondents reporting that new orders over the last four months are no higher than they were a year ago. The lack of home orders continues to be a key problem, and is now quoted by 80 per cent of respondents as a factor affecting production, against 55 per cent three months ago. Export orders, on the other hand, appear to have improved slightly.

The balance of firms reporting an increase in output and deliveries in recent months con-



tinues to run below the levels of the last three years. Of the

industries covered in July, building and construction firms report an improvement, but there is little change in the overall position of the textile and food groups.

There has been a further decline in the number of firms expecting production to increase over the next 12 months. Of the sectors surveyed this time, the food and tobacco industry was the most optimistic about the prospects for production. Companies clearly felt much need of the inflationary measures which were introduced in Mr. Barber's mini-Budget.

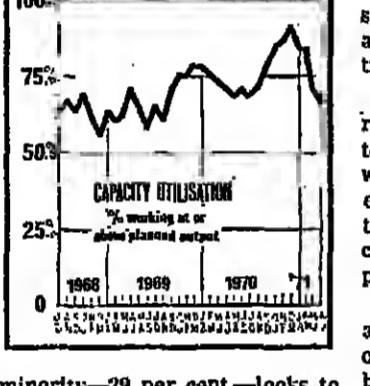
The balance of firms reporting an increase in output and deliveries in recent months con-

CAPACITY AND STOCKS

Lower capacity working

There has been a further decline in the proportion of firms working at or above planned output levels. Of the individual groups examined this month, the textile industry seems particularly depressed, and less than half the food group is working to target capacity levels.

Much tighter control over stocks is evident all round. Few firms now expect their material stocks to increase over the next 12 months; there is a rise to 53 per cent—in the number expecting stocks to stay at roughly the same levels; and a sizeable



minority—29 per cent—looks for a fall in stock levels. This con-

CAPACITY WORKING

4 monthly moving total July 1971

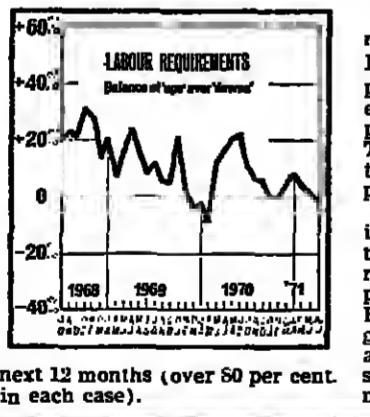
	Apr-Jul '70	Mar-Jun '70	Feb-May '70	Jan-Apr '70	Bldg. & Constrn.	Food & Textiles & Clothing	
Those working at:							
Above capacity	3	4	4	3	5	8	1
Planned output	64	68	79	80	93	48	14
Below	33	28	16	14	—	41	82
No answer	—	—	1	3	2	3	3

INVESTMENT AND LABOUR

Low demand for labour

The employment outlook at the time of this month's interviews still looked depressed. Since late in 1968 the proportion of respondents expecting to increase their labour force in the following 12 months has been on a downward trend, and this month the number expecting their labour requirements to fall just exceeds those expecting an increase.

An outstanding feature this time is the high percentage of companies in the building, food and textile industry samples which expect little change in the employment situation over the



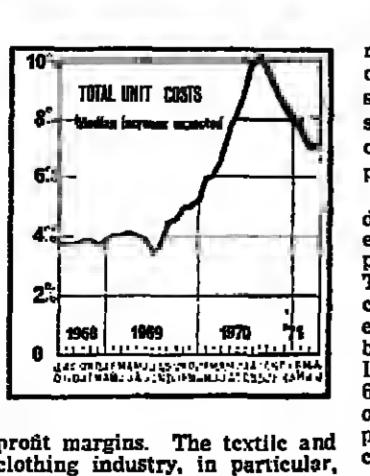
COSTS AND PROFIT MARGINS

Further fall in costs seen

For the seventh month running there has been a fall in the index of total unit cost increases expected over the next year. Having reached double figures in the summer of 1970, this index is now down to 1.5 per cent.

The number of firms hoping to contain wage increases below the 10 per cent level continues to increase slowly—but the proportion of respondents forecasting wage increases in the 10 per cent to 14 per cent range is still 62 per cent, against 66 per cent last month. Of the groups examined in detail this month, the least optimistic about costs is the building and construction industry; on the other hand the majority of the food and tobacco, and textile and clothing sample, expect to contain wage increases in the 5 per cent to 9 per cent range.

There is again an improvement this month in expectations about



profit margins. The textile and clothing industry, in particular, foresees a marked improvement in margins; so, to a lesser extent, does the construction industry. But it was noteworthy that one large manufacturer in the food and tobacco sector was doubtful about covering costs after signing the Confederation of British Industry's agreement on price

capitalisation.

The all-industry figures are

four-monthly moving totals,

covering some 120 companies in

11 industry groups (mechanical engineering is surveyed every second month). Foreign owned

companies operating in Britain

have been included in the sample since November, 1968.

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APPOINTMENTS

Provincial Insurance deputy chairmen

Mr. J. T. S. Bower and Mr. R. S. Chilton have been appointed deputy chairmen of PROVINCIAL INSURANCE COMPANY and PROVINCIAL LIFE ASSURANCE COMPANY.

Mr. A. R. Langan has been appointed managing director of RATCLIFFE BROTHERS and VICTORIA members of the Guthrie Corporation group, from September 1.

Mr. J. Harris has been made sales director, and Mr. M. W. Fordyce, finance director, of both companies. Mr. T. N. May, works manager of Victoria, has also been appointed to the Board of that company.

Mr. T. Mitchell has been appointed to the Board of J. C. BAKER HOLDINGS, as financial director.

Mr. L. J. Thomas has resigned as chairman and managing director of STRATFORD EQUIPMENT COMPANY, but remains on the Board of John Tann Security, the London arm of the company.

Mr. J. W. Levy has been appointed chairman and Mr. E. A. Evans managing director of Stratford Equipment Company.

Mr. P. A. Ball has been appointed a director of GRAND UNION COMPANY and the following two insurance companies: Lancashire Trust and the London Property Investment Trust (and its subsidiary, Brook Drive Properties).

Mr. N. A. Harrison and Mr. I. Rippkiss have been elected members of the Midlands and West Stock Exchange and of the Birmingham Stock Exchange Association. Both will be associated with GKN's automotive sub-groups.

Mr. P. Mulvihill, director secretary of the CHLORINE & CALCIUM STORAGE COMPANY, has been appointed co-secretary director. Mr. F. A. He has been made secretary finance manager.

Mr. Barry F. Heeks, a director of the FEDERATED EMPLOYERS' INSURANCE ASSOCIATION since 1953, is to retire from the Board at the end of September.

Mr. J. A. Scott has been appointed managing director of the ELECTRONIC GROUP and its subsidiaries.

Mr. H. Pollak has been elected to the Board of RALLAN SLEEVES LTD.

Mr. Gerard Coghlan has been appointed director of personnel of DUPORT SERVICES.

Mr. Thomas Dawson, deputy manager of the ROYAL BANK OF SCOTLAND, has been appointed joint manager with Mr. James R. Cutherson.

Miss Pamela Cooper, Mr. Hayden Webb and Mr. Harold Bailey have been appointed to the Board of FORTNUM AND MASON.

Of the 22,960 people who voted in the referendum entry, 7,138 were against entry, 7,138 in favour, with 1,660 invalid papers. Chairman of the campaign, Mr. Christopher Fre Smith, said: "There has been a 12 per cent response."

"It is really a very creditable poll and in my view it shows that people here do not wish to leave the Market."

Low Macclesfield EEC poll against entry

The last of three Common Market polls held in towns in England showed a two-to-one majority against joining Europe.

But of the 75,000 eligible to vote, 51,000 did not bother. The result of the referendum in Macclesfield, Cheshire, conducted by the Keep Britain Out Campaign, is in line with those in Lowestoft and in Brentford and Chiswick, London.

Audi, NSU prices up

PRICE increases throughout the entire Audi-NSU range were announced yesterday by Auto Union (G.B.) Ltd., the U.K. distributor. A rise in the factory price and the floating of the D-Mark are blamed.

The basic price of the NSU Prinz 4L Super model is up to £775 compared with the previous £668. Before the recent tax cut the model retailed at £698.

Other examples of the increase in the retail price are: NSU Super, up £36 to £797; Audi 100, up £36 to £2,197; Audi 100 LS, up £24 to £1,675; NSU Rosso, up £20 to £2,066.

Although the prices of Audi-NSU products went up in other European countries during June, new prices in the U.K. were delayed. During June, Auto Union (G.B.) was taking over the combined Audi-NSU concession and

merging the two franchises. The company, which is part of the Tilling group, estimates that in the middle of August there will be approximately 223 Audi-NSU dealers in the U.K.

Sixth largest

Audi-NSU was the sixth largest importer in the first six months of 1971 with a figure of 6,500.

Auto Union said yesterday that the new price structure would ensure certain customer benefits, such as warranty protection on all cars, free roadside assistance and monitoring or 12,000 miles for patrolling, or six months or 6,000 miles for labour and parts.

The Wankel engine of the Robin Hood model remains unchanged at 18 months or 18,000 miles for both labour and parts.

Notice of Redemption

Borg-Warner Overseas Capital Corporation

B% Guaranteed Debentures due 1979

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of September 1, 1969, under which the above designated debentures of the following corporation were issued, that the same will be redeemed on September 1, 1971, thenceforward referred to as the redemption date:

\$1,000 Chassis Debentures

100	742	2544	2679	4707	5305	6732	7894	8659	9768	10011	11088	12050	13072
50	341	2692	2760	4536	5436	6768	7936	8582	9116	9884	11007	12024	13053
25	170	1374	1482	2477	3477	6916	7757	8216	8936	9771	10407	11704	12901
10	85	728	7693	4686	5662	8639	9076	9043	9714	10374	11245	12274	13292
5	42	376	3931	4711	5623	6626	7112	8112	9336	9971	11148	12163	13182
2	16	144	158	242	342	441	541	641	742	842	942	1042	11432
1	8	62	66	65	58	69	76	82	91	102	112	122	132
N/A	3	2	2	2	2	2	2	2	2	2	2	2	2

The debentures specified above are to be redeemed for the sinking fund (a) at the Corporate Office, One Wall Street, New York City, or (b) under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, the City of New York, or (c) subject to any laws or regulations applicable thereto, at the main office of First National City Bank in New York City, or (

Wilson 'never worried' about stab in back

Mr Harold Wilson said last night that he never worried about a political stab in the back. He was asked in a television interview whether he ever approached colleagues whose personal ambitions competed with his own, when the Press were saying the knives were out.

Mr Wilson replied: "No, good heavens no." Several bad said that were he to go down a bus, that would be a candidate. "But I certainly don't interpret that as meaning they are going to push me under one."

"In any case, I'd stay on the government."

Mr Wilson was appearing in the second part of London Week and Television's Man in the News profile.

On the Common Market, Mr Wilson said that the absence of any permanent arrangement for New Zealand showed that the Market was "too directed to sustain inefficient agricultural production."

"That is one reason why I find the terms disappointing and unacceptable."

Mr Wilson, questioned about his recent book, agreed that, as

they . . . then, of course, there cannot be an agreement," he replied.

"I think it inconceivable that a Conservative Prime Minister can reach an agreement with him which flies in the face of the five principles."

"And I think that myself and any future Labour Prime Minister will insist on the five principles as an additional principle."

It would have been historically impossible and morally wrong to have used force against Rhodesia.

Mr Wilson said he thought that the TUC declaration of intent, which Labour had accepted in place of their Industrial Relations Bill, was as effective as if the Bill had become law.

Did he recognise that he now had a credibility gap problem? "I recognise that a lot of the newspapers have been whipping it up by the nice selective quotation," he said.

"When you get the whole pressure of the knives into you, of course it is bound to have some effect."

"As long as he does not accept

English Tourist Board seeks end to drink hours curbs

FINANCIAL TIMES REPORTER

RESTRICIONS on hours for the sale and service of alcoholic drinks should be abolished, according to the English Tourist Board.

Evidence indicated that "foremost and most obvious" changes deserved to make the lot, said the traveller more pleasurable and the abolition of existing licensing hours, the Board says in a memorandum to the Committee of Inquiry into the Licensing Law (England and Wales).

Acknowledging the long hours worked by licensees, the Board recommends maximum opening of 14 hours in any 24 and minimum of five. The individual licensee should have discretion over his opening hours.

The Board emphasises that its intent is related strictly to the needs of tourists. "We have had special regard to the political, historical or socio-economic aspects of licensing where these might be counter to the interests of a tourist."

An exception is made, however,

in the possibility of alcoholic drinks being sold with meals at motorway service area restaurants. We realise that there are valid reasons for this, but we do not think in any event that the tourist interests should prevail in this instance."

The Board points out that it had no real evidence that the prohibition on the sale of drinks in such areas was detrimental to tourist activities.

Standardised

If licensing regulations were to be retained, the Board says they should be standardised throughout the country. To help tourists, greater flexibility should be permitted in opening hours at resorts, railway and coach stations and airports.

Drinks should be available with meals at any time and, at the manager's discretion, children could be allowed in parts of licensed premises ancillary to catering services.

LICENCE FOR U.S. CENTRIFUGES TERMINATED

Thomas Broadbent and Sons, of Huddersfield, and Bird Machine Company, of South Walpole, Massachusetts, announced their termination of the licence under which the former has manufactured and sold the Bird continuous centrifuge line since 1961 under the name of Broadbent-Bird.

On quotations made after September 30, 1971, Broadbent will supply only its own make of centrifuges of this type under its own name in competition with the Bird centrifuges.

ULSTER STUDY OF STATE INDUSTRY FORMULA IN ITALY

By Our Own Correspondent

ROME, Aug. 1.

A four-man Northern Ireland Economic Council has completed a tour of southern Italy to study the feasibility of the Instituto per la Ricostruzione Industriale (IRI) formula of State-promoted and controlled industry for Northern Ireland. The party was led by Mr. J. T. O'Brien, chairman of the council's sub-committee looking at State industry.

The party visited several of IRI's main plants in the south, including the Taranto steel works and the Alfa Romeo car plant under construction at Pomigliano, near Naples.

Record total of design awards made by RIBA

BY ELSBETH GANGUIN

The Royal Institute of British Architects has made a record 12 awards this year.

Entries for this annual scheme, which is now in its sixth year, added up to only 251, compared with 360 last year. But awards were won for new buildings in every region, except Scotland.

One went to the town hall and civic centre at Sunderland (architect Sir Basil Spence, Bonnington and Collins); the Yorkshire Post building at Leeds was another (John Madin Design Group; John Laing). Further winners were the Royal Infirmary at Edinburgh (the National Westminster Bank in Manchester (Casson Conder; Fram Russell Construction); and the Henley Road Housing Estate, Coventry (Terence Gregory; city architect and planning officer; Clark Bros. (Construction)).

School

Also honoured were Arkwright School, Irchester (John Goff, Goff Architects; R. C. Tann (Builders)); The Combination Room, Downing College, Cambridge (Howell Killick Partridge and Amis); Alexander Coulson and Son; the Dorset Water Board's headquarters at Poole (Farmer and Tompkins).

Powell warning on Six entry

Mr. Enoch Powell warned at the week-end that the Government could not "without indelible breach of honour, purport to accede to the Treaty of Rome" if the Opposition were against it.

He reminded the Government of Mr. Heath's pre-election pledge that Common Market entry was conditional upon "the full-hearted consent of the British Parliament and people."

A House of Commons decision opposed by the official Opposition and one over which the Government had only a narrow majority—could not be any stretch of the imagination be regarded as taken with the full-hearted consent of Parliament.

"This would not be altered if individual members of the Opposition voted for the proposition, any more than if individual supporters of the Government voted against."

Any one who sought to pretend otherwise would deserve ill of the Conservative Party—because they would be seeking to equivocate away "the plain words and the

GOVERNMENT AND INDUSTRY

'Competition' may not be enough

BY AUSTEN ALBU, MP



WHEN the Government came into office there were signs that, tired of the arguments of post-Keynesian economics, they might return to the Liberal Party position in the great tariff reform battles of the turn of the century. The professional economists, unable to settle the argument between fiscal and monetary policy for medium-term economic management, and with no politically acceptable answer to inflation, had virtually thrown up their hands in despair and left the problem to the psychologists. The Government, with both a white and a back-hem dissident, but with obvious support from Mr. Powell and his friends, seemed to have adopted a posture of Cobdenite laissez-faire. Interventionism was out of favour: competition and rigorous exposure to the laws of classical economics were the panaceas which would cure the British disease.

The protagonists of the original battle between Government intervention and laissez-faire would no doubt be surprised at the reopening of a fight that seemed settled for all time; but they would also remember that there was a time, between the wars, when some Free Traders and some tariff Reformers were united in a search for national efficiency through international action. This was the period in which British industry, supine and Germany and the inefficiency of some British public institutions had been shockingly demonstrated, along with the appalling physical and intellectual condition of a large part of the population, by the early military defeats in the Boer War.

The warnings that the National Efficiency group proclaimed, although more shrilly expressed, were not new. In particular, the causes of Britain's relative industrial decline have never been fully agreed by economic historians, but the pre-eminence of Germany and the U.S. in the new and growing industries, such as chemicals and electrical engineering, based on industrial research and much better educated industrial managers, engineers and workers, undoubtedly played a major part.

Many of the policies of the National Efficiency group, as of the Tariff Reformers, have been adopted; but it took until the 1950s for this country to have a complete system of education, including technical education and training, on anything like a par with its male competitors. The work of Baldwin, as chairman of the Committee on the Machinery of Government, and of Balfour when Lord President of the Council, greatly enlarged the part which Government played in scientific and industrial research between the wars.

Haldane (left) in 1912 and A. J. Balfour in 1919: greatly enlarged the part government played in scientific and industrial research between the wars.

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relations is certainly one; but perhaps more important is the fact that British industry is still weakest where it should be strongest, and vice versa.

A recent study carried out by some research workers employed by the National Economic Development Office indicates that

our trading performance during the last decade has been more favourable in those products in which world trade was growing most slowly, and least favourable in products in which it was rising fastest. Another NEDC study shows that, in present trends, the U.K. might in 1 year's time have a net deficit in trade in mechanical engineering products which must form a large part of advanced industrial countries, and which depend on their sales as much on design and reliability as on price.

It would seem, therefore, that even if present policies were to produce advantages for the economy in the short term, the are likely to have any fundamental effect on our long-term problem with its lengthy history. Some economists may believe that a higher rate of capital investment will do the trick, as the Government is obviously relying on this to happen; but the problem becomes more acute as the industries which take the lead become more sophisticated and expensive to start and maintain.

The Americans support their industries by massive defense and space programmes; the Japanese have concentrated their efforts inwards in fast-growing products; the Germans are about to embark on an extensive Government-supported research and development effort; and the French have set up an institution on the lines of the Industrial Reorganisation Corporation, which was one of the first victims in the U.K. Government's "radical" policy.

In the light of these facts, it is right for Britain to reverse its interventionist policies, even before there has been time to judge their results?

Mersey Docks Company in operation to-day

THE new Mersey Docks and Harbour Company comes into operation at Liverpool this morning, and the executive committee which will run it during the interim period faces a heavy agenda at its opening meeting.

Hibb is on the list will be the ratification of a number of senior appointments needed to strengthen the hand of the committee. These will be officially announced within the next few days.

They are unlikely to cause any major surprises, as they follow the recommendations of the committee established by Mr. John Cuckney, the London merchant banker, since he took over control at the height of the financial crisis last November.

The immediate problem facing the new company now that its hands are free is to build up confidence again in the Port of Liverpool, set its financial house in order and take all possible steps to attract trade back to the Mersey.

The party visited several of IRI's main plants in the south, including the Taranto steel works and the Alfa Romeo car plant under construction at Pomigliano, near Naples.

Second stage

Concern is expressed that the number of deep-sea freighters and bulk carriers using the docks fell as low as 83 last week, when

the break-even economic figure is in the region of 75.

Another problem, although outside the company's control, is the need to carry the Mersey into the second stage of the Devlin Plan on pay and productivity.

There have been certain behind-the-scenes moves in recent weeks between the port employers and the Transport and General Workers Union, but these are still in the exploratory stage.

Senior officials of the company have been heartened, however, by two Government announcements last week confirming the future of the Seaford-Hastings complex on which much of the hopes of the port are now pinned.

Mr. John Perton, Minister for Transport Industries, reaffirmed that the harbour will continue to get Government financial aid despite the ending of the Port Modernisation Grant Scheme. Government loans and grants have already furnished a major part of the money for the harbour, due to come into operation initially at the end of the year.

Stowing area

Mr. Peter Walker, Secretary of State for the Environment, has refused permission for a housing development on land adjoining the harbour because it will almost certainly be required by the company.

Originally, it was earmarked as a stowing area for freight line containers. Approval has already been given for a grain terminal, silos and mills nearby and for the construction of a new approach road linking the harbour with the motorway system.

More Normandy Ferries sailings next summer

NORMANDY FERRIES will be offering up to 40 per cent more sailings between Southampton and Le Havre during the 1972 holiday season.

The service, operated by General Steam Navigation in association with Société Anonyme de Grâce et d'Armement, of Paris, will provide 23 sailings at the beginning of 1972 to the end of the holiday season.

Three of the schemes nominated this year had originated from architectural competitions. The 62 previous awards were shared by 41 architectural practices and local authority architects.

The architects Howell Killick Partridge and Amis were the only ones to receive an award for the third successive year.

Private developer housing schemes were once again "conspicuous by their absence," as RIBA puts it. In the past six years, when a total of 62 awards were given, only one private scheme has been nominated.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• PROSPECTING FOR OIL

Faster method of drilling

AFTER ten years of research and development Gulf Oil has devised a radically new way of drilling for oil which promises to be more effective than the method that has been used for the last fifty years.

It is called "abrasive jet" drilling and Gulf's latest tests have found it to be between four and twenty times faster than the conventional method depending on the depth of the hole and the type of ground being penetrated.

Much of the equipment used in Gulf's new system is similar to that found in the old. There is still a string of drilling pipe fed into the ground with the aid of a derrick and turned by a turntable at the surface. The difference lies in the bit itself.

Instead of grinding its way through the rock with a series of diamond studded rollers, the Gulf bit cuts the rock away with jets of steel pellets travelling at 600 miles an hour and sprayed against the rock at the rate of two tons a minute. The steel is carried down in the flow of "drilling mud" that lubricates and cools traditional bits and carries the

chips of rock back to the surface, only in the Gulf hit this drilling mud—which is recycled together with the pellets—is fed into the top of the drill pipe at 12,000 pounds per square inch.

The only physical contact which the bit makes with the rock is through a series of hardened shoulders which break off the thin flakes of rock left by the abrasive spray.

The bit has two major advantages. In the first place it allows a much greater amount of power to be fed into the actual work of cutting through the rock. Together with the compressors that are needed to pump the mud at sufficient pressure, Gulf reckons that it can put between 2,000 and 5,000 h.p. to work, which is up to 50 times the power that can usually be fed into the old-style turntable.

It is this power factor that enables the new drill to cut much faster through the rock.

The second advantage is of great value when holes are being drilled to great depths—the natural gas search in West Texas is currently taking pipestrings five miles down. Because most

NICHOLAS COLCHESTER

• WATER

Meeting the rising demand

WATER planning should be carried out on larger geographical areas than at present if the best use is to be made of our resources, according to Mr. Michael Kennard, of Rofe Kennard and Lapworth, consulting engineers, one of the members of Associated Consultants in Water Affairs.

In addition, said Mr. Kennard,

sewage also needed to be considered on a larger scale. These two, and pollution of water, must be considered as parts of a whole problem rather than as entirely separate problems. Only in this way, he considered, could adequate supplies be ensured to meet the growing needs of industry.

Although he felt that a nationalised water undertaking would not be appropriate, he foresaw the day when there would be a national committee to co-ordinate activities and advise on the best solution for particular cases. Particularly in sewage, there is at present very wide variation in the approaches taken by the different

authorities.

Since water demand will double by the end of the century this means, said Mr. Kennard, that all the reservoirs and works built during the past 150 years will have to be duplicated during the next 30. This will impose heavy strains on the resources available, and ways must be found to optimise the return in relation to expenditure.

For any particular reservoir site, for example, there is often very little gained by making the water capacity larger than a certain size. Thus over the next ten or 20 years it will be necessary to re-examine sites that would once have been deemed as unsuitable.

Founded in early 1970 under another name, ACWA is one of a small number of specialist associations that have been set up to offer an inter-disciplinary approach to all problems connected with water conservation, pollution control and waste disposal, among other things. Associates, apart from Rofe Kennard and Lapworth, are Sir

ANDY McELROY

CORNWALL PROPERTY (HOLDINGS) LIMITED

A PROPERTY INVESTMENT AND TRADING GROUP

Chairman: Mr. R. A. SHUCK

"A YEAR OF REMARKABLE PROGRESS"

The following are the main points from the Chairman's Statement and the Accounts for the year ended 31st March, 1971:

The Accounts show record profits of £216,706 prior to taxation, an increase of some 30% over those of the previous year. These figures do not include any contribution from Cophthall Holdings Limited or Edward Webb & Sons (Stourbridge) Limited.

The acquisitions of Cophthall Holdings Ltd., Edward Webb & Sons (Stourbridge) Ltd., Europa Merchants Ltd., Cornwall Estates Ltd. and Balden Estates Ltd. are evidence of your Board's previously announced intention to enlarge the Group by a vigorous acquisition policy.

Acquisitions will continue both by the Property and the Trading Divisions.

The recruitment of first class management is a priority of your Directors and strengthening of the executive team continues.

Dividends totalling not less than 30% are forecast for the year ended 31st March, 1972 on anticipated profits prior to tax excluding those of Cophthall Holdings Limited and Edward Webb & Sons (Stourbridge) Limited not less than £350,000.

Shareholders can expect further growth in the Company's assets and earnings.

	1971	1970
Summary of Results	£ 216,706	£ 166,858
Taxation	82,805	75,364
Ordinary dividends	56,656	33,092

HALMA INVESTMENTS LTD.

COMPANY POISED FOR MAJOR EXPANSION

Salient points from the circulated statement of the Chairman, Mr. T. H. Tilling.

* The Company's main operating subsidiary, Fletcher Brock & Collie Engineering Ltd., again increased its pre-tax profit from £61,843 in 1969 to £78,809, an increase of 27%. The profit of the Group as a whole after all charges excepting taxation amounted to £64,233 (£56,316), an increase of 49%.

* As regards investments, the fall in income is the result of realisations for the purposes of injecting further funds into the Engineering subsidiary and for purchasing for redemption £25,450 of the 7% Unsecured Loan Stock. Share dealing operations resulted in a loss which was attributable to the difficult Stock Market conditions.

* A second interim dividend of 5% (in lieu of final) is recommended making a total of 12½% for the year (same).

* Following the recent successful rights issue, the Company's liquid resources have been increased by more than £100,000. Shareholders are also being asked to approve an increase in the Company's Capital from £250,000 to £1,000,000. It is the intention of the Board to embark on a policy of major expansion, for which the Company is now poised.

* Given a period of reasonable industrial stability I consider that the results of the Fletcher Brock Group for the current year will be at least equal to those for 1970. On the investments and dealing side, the first six months of the year have been far more favourable. I look forward therefore, with confidence, to the overall results for the year.

• PROCESSES

Applies hot glue

INTRODUCTION of a low-cost hot melt adhesive application unit for henck type assembly operations has been announced by Spray Finishing Systems, of Hampden Park, Eastbourne, Sussex.

Called the Thermopulse model 1513 the system is intended for high speed production operations and may be utilised says the company, for virtually any assembly or joining operation.

The unit is completely self-contained. The item to be joined or fastened is placed directly under the integral spray nozzle and the hot melt adhesive is deposited upon receipt of a signal. The machine can be operated by a foot valve, or an externally-mounted solenoid valve can be set to operate the pump from a variety of signalling devices including timers. The material flow stops instantly and without dripping.

It is also intended for semi-automatic operations, where it can be set up to straddle the conveyor or index table. The storage tank holds 3 gallons of hot melt in any form. A built-in pumping system ensures fast, positive flow of hot melts in varying viscosities, and there is a built-in temperature controller, readily adjustable to regulate temperatures up to 500°F.

BEFORE printing, plastics parts must be flame treated to give the surface needed for good adhesion and good appearance.

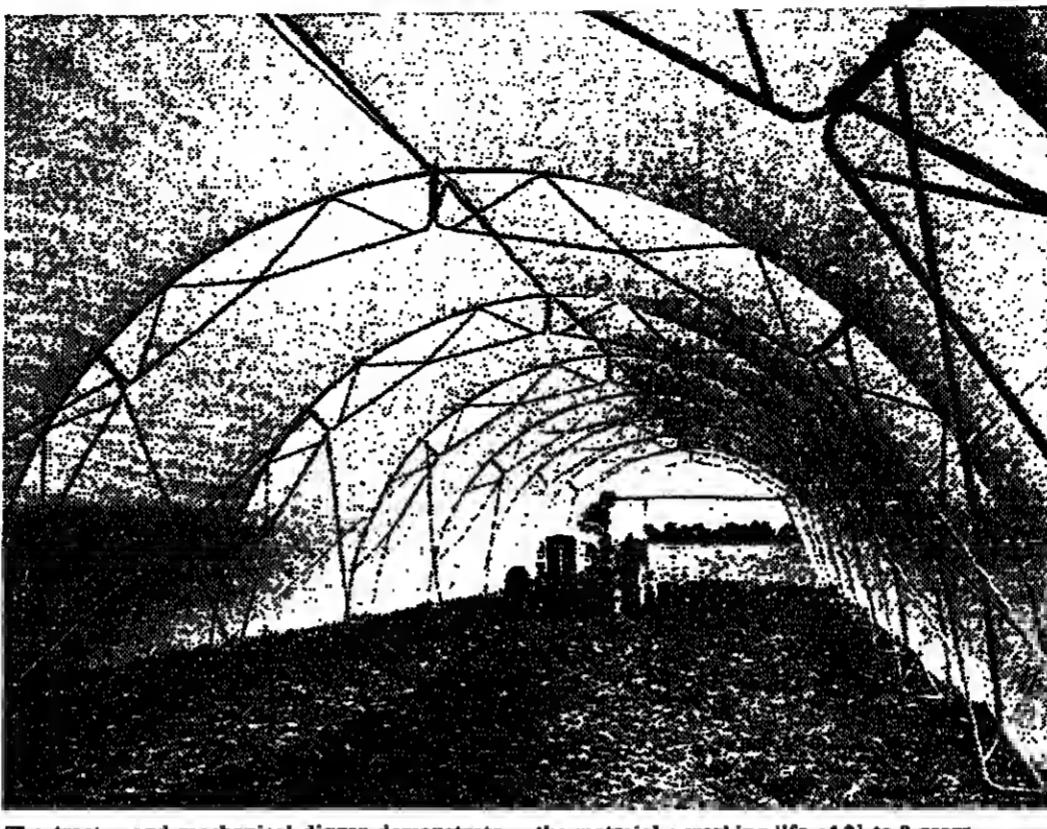
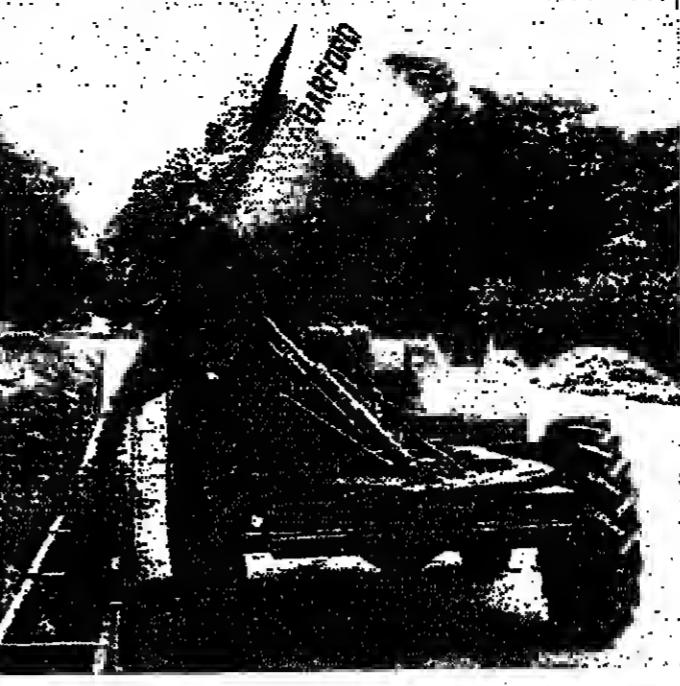
Rondeg Screen Process, of Church Road, Egham, Surrey, well known for its printing equipment, has now announced a unit for flame treating large plastics

• PRINTING

Treatment of plastics products

THE "Fracto-Scan," a Buebler dual beam ultraviolet monitor is now being marketed in the U.K. by Arnold R. Horwell of

A rotating concrete skip is being fitted to the Bison all-wheel drive 2-ton dumper by Barfords of Belton, Belton, nr. Grantham Lines. The skip, which has a capacity of 26 cubic feet fluid and 30 cubic feet struck, can be slewed either by manual or hydraulic means through 180 degrees. Tilting controlled by twin double acting hydraulic rams. The complete assembly is built on to a frame that bolts down to the main dumper chassis. It is removable, enabling the dumper to be also used with the standard hydraulically controlled skip.



The tractor and mechanical digger demonstrate the ease of working in this greenhouse manufactured by Polywave, of Bacup, Lancs. The cladding is woven from polypropylene tape, with an ultraviolet inhibitor that gives

the material a working life of 2½ to 3 years. The rigid framework has been developed by Tube Products, a TI Steel Tube Division company, which has produced a four-piece modular arc from steel tube.

• PRODUCTS

Pressure vessel closures

OPENING of access panels in high pressure vessels often entails a degree of risk if there is no means of ascertaining whether the pressure has been released.

Accidents caused by vessel doors being opened while still under pressure have resulted in several safety measures being introduced.

One such method has been developed by Swinney Brothers, of Morpeth, Northumberland. Closures with opening sizes ranging from 6 to 24 inches diameter, suitable for pressures up to 1,440 psi, are available.

By means of a single lever, three locking pieces secure a hinged door. To prevent opening without regard to internal pressure, a vent plug is interlocked with the operating lever.

This plug has to be unscrewed prior to opening and gives an audible alarm if pressure remains in the vessel. Typical applications for this type of quick-release closure are filter vessels and scraper traps.

Suspended matter removed

FILTER cartridges of synthetic wool, nylon and polypropylene are now being produced by Schumacher Filters of 69/71 Wilkinson Street, Sheffield S10 2GJ.

These cylinders are wound on 30mm diameter cores of perforated steel and plastics and they are made in lengths of 190 mm and 250 mm. The elements may be used singly or assembled end to end to form longer elements of up to 1500 mm and are available with outside diameters of 50, 60, 65 or 70 mm.

It is claimed these filter cartridges will remove suspended matter down to sub-micronic particle sizes from water, oils, lacquers, beer, wine and beverages. The degree of separation of the elements can be varied to suit individual requirements and elements are available with ratings of 1, 5, 10, 15 and 20 microns.

Polypropylene elements can also be used for special applications involving the filtration of corrosive liquids, acids and alkaline solutions and non-chlorinated solvents.

• INSTRUMENTS

Portable two-channel recorder

A PORTABLE Philips flatbed pen recorder intended primarily for applications where two interrelated phenomena have to be recorded against time is now being marketed by Fye, Ulcana of York Street, Cambridge. Called the PMS010, it employs nylon pen systems that have easily replaceable pen tips to provide sharp, clear traces at all slewing speeds. It also features a pen-lift system that can be either push button or remotely controlled.

Five calibrated potentiometric ranges up to 50 mV full-scale are provided, or six ranges up to 5 V with a 100:1 attenuator in use. An accuracy of 0.25 per cent and reproducibility of 0.1 per cent over the temperature range 0 to 40 deg. C is claimed. The instrument's electrical zero can be suppressed so that the whole chart width can be used to give a given parameter.

The PMS010 has a standard ten speed gearmotor that permits front panel selection of chart speeds from 0.5 to 500 mm per minute in a 1:3:5 selection sequence.

Inexpensive radiation monitor

MOST personal radiation monitors for staff working in potentially hazardous areas suffer from the drawback that they are cumulative, and give no immediate indication of radiation levels.

A new, inexpensive monitor manufactured by Danfysik of Denmark, and now available in the U.K. through Wenzel Elektronik (U.K.) of Arndale House, The Precinct, Egham, Surrey, gives an immediate response when radiation is encountered. It is sensitive to both gamma and hard beta radiation, and has an indicating range from one millirad to two rads per hour.

Speed of response of the instrument is one second, and it emits an audible signal, at a level of 75 dB at a distance of a foot, if the person wearing it should enter an area where levels are above the preset value. Overall weight is 120 gm, and battery life is said to be 10 months in continuous use.

The storage tank holds 3 gallons of hot melt in any form.

A built-in pumping system ensures fast, positive flow of hot melts in varying viscosities, and there is a built-in temperature controller, readily adjustable to regulate temperatures up to 500°F.

products beyond the size that can be handled by normal equipment.

Basically, this is an electrical turntable taking the parts, together with fully adjustable flame beads working on town or bottled gas. Adjustable guides cope with all diameters and heights, and the only supplies needed are 200-240V single-phase electrical outlet and a gas supply.

It can be used for monitoring liquid effluents of column chromatographs and density gradients, or any other flowing solution containing UV-absorbing compounds.

It has a minimum sensitivity of 0.0005 optical density, so that by using appropriate narrow-band interference filters, selective detection of nucleotides, hormones, proteins, steroids, enzymes, vitamins and other substances which absorb UV light is readily accomplished.

The UV source is a long-life deuterium lamp fed from a stabilised and regulated power supply. The light is directed through the interference filter, then a beam-splitter, whence it passes simultaneously through two flow cells, one carrying the effluent to be measured and the other a reference buffer solution.

A photodiode monitors the UV-absorption in each flow cell and its output is compared with that of the other flow cell in a differential log amplifier. The output from the latter is linear and suitable for controlling any potentialmeter having an input sensitivity of 10, 100 or 1000mV.

Five calibrated potentiometers range up to 50 mV full-scale are provided, or six ranges up to 5 V with a 100:1 attenuator in use. An accuracy of 0.25 per cent and reproducibility of 0.1 per cent over the temperature range 0 to 40 deg. C is claimed.

The instrument's electrical zero can be suppressed so that the whole chart width can be used to give a given parameter.

The PMS010 has a standard ten speed gearmotor that permits front panel selection of chart speeds from 0.5 to 500 mm per minute in a 1:3:5 selection sequence.

Detects ultra-violet

BEFORE printing, plastics parts must be flame treated to give the surface needed for good adhesion and good appearance.

Rondeg Screen Process, of Church Road, Egham, Surrey, well known for its printing equipment, has now announced a unit for flame treating large plastics

• COMMUNICATIONS

New banking network proposal

ABOUT 70 of the world's leading banks have agreed to fund a study of a computer network to provide facilities for international payment transfers. Logica has been awarded a four-year contract to carry out a project assessment and outline network design and expects to make its first report early next year.

The projected network will link banks in Europe and the U.S. and, says Logica, is probably the most ambitious commercial data communications system currently being planned. The object of the system is to provide a better service to the banks' customers, in view of the growth in international payments.

Participating banks in the U.K. are Barclays, Lloyds, Midland (including Coutts), National Westminster, Williams and Glyns, Clydesdale, Bank of Scotland, and Royal Bank of Scotland. Major banks in nine different Continental countries and 25 U.S. banks are also taking part.

It is believed that the value of the contract will be over £50,000. Logica's research team will be led by Dr. Pat Coen.

Better radio to ships

RE-USABLE material for the production of moulds, polyester and other types of casting resin has been developed by Vinatex, of New Lane, Hampshire.

Claimed to overcome many of the problems connected with the use of flexible mould systems, the material, called Vinamold 95, can also be used without release agents or waxing. The substar offers savings as it can be melted down and re-used.



Building and Civil Engineering

£2m. housing award

NOTTINGHAM City Council has placed a £2.2m. order with Drury & Co. for the erection of 525 dwellings representing phase 1 of the Top Valley Farm development. All the homes on this re-housing project will be of traditional design, including 293 houses in two, three and four bed-sizes, 15 bungalows, 210 flats and six maisonettes. The contract also includes six bus, 107 parking spaces and playgrounds. An integral part of the scheme is a community centre for old people which include a warden's house. Drury will also undertake landscaping, roads and sewers. The contract is due for completion by June 1973.

Store for Nottingham centre

In Lewis Partnership is to open a department store within Victoria Centre at Nottingham as a result of the placing of a £7.5m. contract with Taylor Woodrow by Capital Cities Property Company. The new store, with three floors, including hairdressing and restaurant facilities, will be situated in Glasshouse Street and will be built from the centre's original shopping precinct. Work which is about to begin, includes the installation of lifts, with storage confined to the basement and lower basements. Goods will be moved and unloaded from ground service roads. The ground car park will be

connected by lifts to all sales departments.

Architects are Arthur Swift and Partners.

Taylor Woodrow is already carrying out contracts worth £5m. mainly for Capital and Counties and Nottingham Corporation, for the comprehensive development now well advanced on the 10-acre site.

Another City block for Trocoll

LEADENHALL HOUSE has appointed Trollope and Colls main contractor for the redevelopment of Nos. 98-103, Leadenhall Street, London, E.C.3.

Worth £2.5m., the order involves the erection of an eight-storey office block, and the demolition of the existing Leadenhall House and the adjoining West India House.

Consisting of ground and seven upper floors together with a director's flat, the development will also contain two basements, the lower of which will be used for plant and parking space for 14 cars.

The building will be air-conditioned. Of reinforced concrete frame construction, with precast concrete panels and mullions faced with Norwegian granite, the structure should be ready within 117 weeks, including 22 weeks for demolition. Architects are Fitzroy Robinson and Partners.

Staff units at Holloway Prison

PHASE 1 of the Holloway Prison redevelopment in London is to be undertaken by Higgs and Hill Building which has been awarded a £1m. order by the Home Office.

Work covered by this phase includes the construction of 152 split-level dwellings for staff accommodation. These units, of similar layout, but varying in size, will be arranged in 45 building "stacks" contained within seven blocks varying from 4 to 10 stories high.

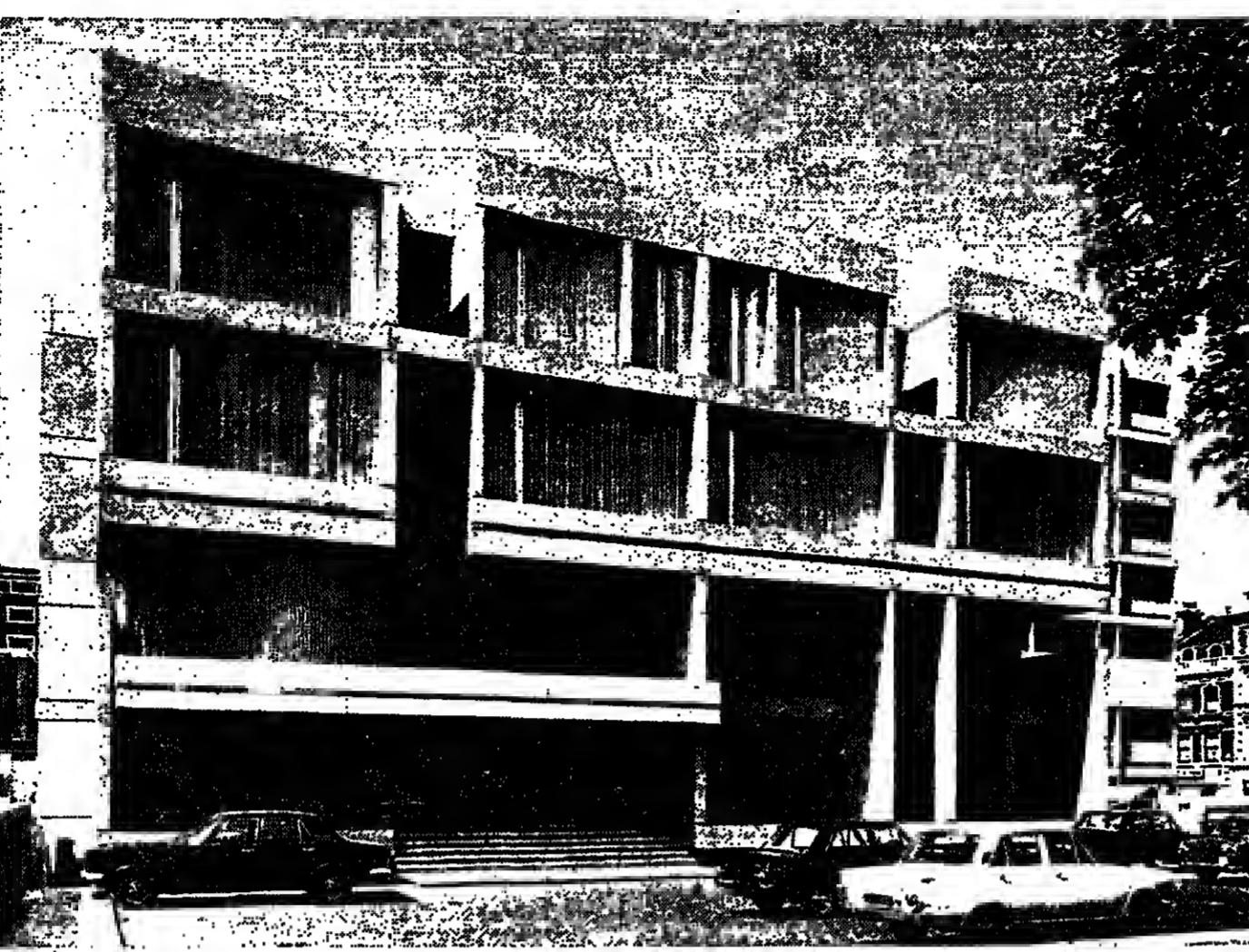
Access will be by six stairways and two lifts, with bridges linking the upper level walkway system. Work is due to start today with completion planned for October 1973. Architects and structural engineers are Robert Matthew Johnson-Marshall and Partners.

Approval of new bridge sought

APPROVAL from the Minister for Local Government to go ahead with the construction of a new bridge over the River Suir at Waterford in Elire is being sought by Waterford Corporation.

This follows acceptance of a report by Rendel Palmer Tritton (in association with O'Connell and Harley of South Mall, Cork) who recommended that the quarter-mile long bridge should be erected across the river just west of Bilberry Rock and should consist of a fixed structure at a level such as to give the minimum clearance necessary for navigation purposes.

It will have shortened approaches connecting directly into the Newrath Road on the Kilkenny side of the river and on the south side it will link up with the Gracedale Road near Prospect Lodge. A new road will be built from there through Logloss at the Industrial Estate, to link up with the Cork road.



The annual architecture awards made by the Royal Institute of British Architects this year include two buildings by the same firm of designers, Messrs. Howell Killick Partridge and Amis.

They are the Combination Room, Downing College, Cambridge, erected by Coulson and Son, and St. Antony's College, Oxford, erected by Norman Collison (Construction).

The London award, illustrated here, was made to the Czech Embassy building in Kensington and was designed by Sramek Bocan Stepanky in collaboration with Robert Matthew Johnson-Marshall and Partners; the builder was G. E. Wallis and Sons.

Awards in nine of the remaining 10 regions were made to the Sunderland Town Hall and Civic Centre by Sir Basil Spence; Bonington and Collins, built by John Laing Construction; Yorkshire Post building, Leeds, by the John Madin Design Group, also built by John Laing Construction; National Westminster Bank, Manchester, by Casson Conder and Partners, builder Fram Russell Construction; Henley Road Housing Estate, Coventry,

by Terence Gregory, City Architect, builder Clark Brothers (Construction).

Arkwright School, Irchester, Northants, by John Goff, County Architect, builder R. C. Taun (Builders); Headquarters Dorset Water Board, Poole, by Farmer and Dark, builder Rawlings (Builders); Alexander Barracks, Pirbright, by Architects Co-partnership, builder Rush and Townsends; Llywoddro Crematorium, Glamorgan, by H. M. R. Burgess and Partners, builder Knox and Wells; Antrim County Hall, Ballymena, by Burman and Goodall, builder McLaughlin and Harvey. No award was made for the Scottish Region.

The total number of entries, 281, was considerably less than the previous year when there were 360 competitors. The RIBA points out that private developer housing schemes are notable by their absence and that in the last six years when a total of 62 awards have been given only one private developer scheme has been nominated.

H. A. N. BROCKMAN

Wimpey builds BMW depot

THREE jobs recently announced by George Wimpey and Co. cover work ranging from a motor car importer's distribution centre at Dover to asphalt paving a couple of miles of party filled in canal in Manchester.

For BMW Concessionaires (GB), Wimpey is to build at the Coombe Valley Industrial estate a depot to include around 18,000 square feet of workshops, 27,000 square feet of stores and 9,000 square feet of office space.

This work is being carried out by Wimpey to its capacity as the building and civil engineering member of the Industrial Development Group—a consortium of major organisations in construction and allied fields whose combined resources provide a specialist integrated design and construction service.

The workshops and stores will be single-storey steel-framed structures with brick cladding. The office block will be a two-storey load-bearing brick block with concrete floors and light-weight roof.

Parking areas for 450 cars will

also be provided on terraces in the chalk cliff.

Another contract won by the company concerns an office block for Leicester, which will be built under a £300,000 order placed by Star (Great Britain) Holdings. It will provide around 32,000 square feet of lettable office space on five floors.

Incorporating reinforced concrete bases, ground beams and frame, with brick facing, the building will be equipped with air-conditioning and other services as well as baying external paved areas. Architects are Poole and Partners.

The Manchester canal scheme involves Wimpey in surfacing 2½ miles of the Rochdale canal once George D. and Co. has completed filling it in. Manchester Corporation decided to make a linear park along two miles of the canal by filling it in to within a foot or so of the surrounding ground level.

Wimpey Asphalt is laying a 24-inch thick skin of hydraulic asphalt under its £50,000 order. G. H. Hill (Manchester) are the consulting engineers.

Vandalism on housing estates

BOREDOM and lack of discipline among young people which are among factors contributing to vandalism on high-rise housing estates should be countered by the encouragement of tenants' associations and by the provision of well designed children's play-

grounds.

These are some of the points to emerge from a recent Building Research Station study.

Wimpey Asphalt is laying a 24-inch thick skin of hydraulic asphalt under its £50,000 order. G. H. Hill (Manchester) are the consulting engineers.

Unfortunately, when precautions against wilful damage are intensified there is a danger that the general appearance and amenities of the estate may suffer.

To an extent estate managers are in an impossible position because if they choose more costly robust finishes and fittings they stand to lose more in the event of damage, yet they could benefit from lower maintenance costs if no damage is caused.

*Available from SO price 5p.

Clear visibility is obviously a deterrent so good lighting and the avoidance of hidden corners are recommended.

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MONDAY AUGUST 2 1971

SYNTHETIC FIBRES

BY JOHN TRAFFORD

Why ICI decided to buy four big textile customers

What to do about the \$

THE PROBLEM of the dollar has reached a stage which is all too familiar from experiences with sterling before November, 1967. The U.S. Administration is more adamant than ever that a dollar devaluation is out of the question. At the same time representatives of European Governments (and Britain is now part of Europe) are discussing it in terms of "When?" rather than "Whether," and officials of international organisations are now urging a parity change. The U.S. payments deficit has been with us for over a decade and has grown worse rather than better. While previously the U.S. problem was that the trade surplus was not large enough to cover outgoings, the surplus itself has become a deficit; and this moreover has happened at a cyclically favourable time when the U.S. is still emerging from a recession and there is considerable spare capacity in her economy.

Complex operation

One way of avoiding a formal dollar devaluation would be for most of the other main currencies to revalue in a concerted move. This would be an extremely complex operation requiring the utmost secrecy, mutual confidence and careful preparation among America's trading partners. The problem arises from the difficulty of finding the exact counterpart of the U.S. deficit. Apart from the large Japanese surplus, the rest of the U.S. deficit is matched by numerous modest and fluctuating surpluses spread all over the world. None of these justifies an individual act of revaluation. For example France's fear of losing ground to her main European competitors is entirely legitimate. A major French revaluation would only be sensible if it were to be part of a concerted move in which, at a very minimum, her existing EEC partners and Japan were to join.

Tentative moves for such a realignment were cut short by the Mark crisis of last May. One cannot rule it out for the future, but there are immense difficulties in the way of it happening. It is after all much simpler for one currency to shift against dozens of others than for the others to concert a complex realignment. The U.S. can in fact devalue the dollar by making a small change in the gold-dollar parity. It is true that the "gold window" would

have to be shut while the legislation is going through Congress, but this is quite likely to happen in any case. A 10 or 15 per cent devaluation of the dollar against gold is a very different operation from the general doubling or trebling of the official gold price which used to be widely advocated in the past. Since the Washington gold agreement of 1968 there is no reason why the one move should lead to the other.

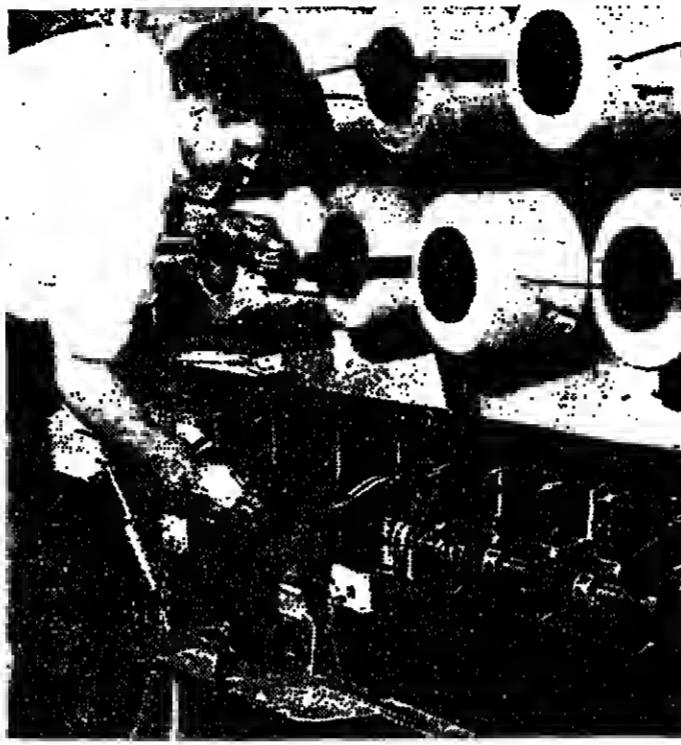
Nevertheless, national pride being what it is, the Americans will try to postpone devaluation as long as possible. Their best chance of achieving this will be if the upward drift of U.S. interest rates continues, and there is a movement of short-term funds back to the U.S. The fate of the dollar in the next few months may depend on the race between the erosion of confidence and the interest rate factor. But even if a precarious international equilibrium is restored by means of the capital account, the situation will be far from satisfactory. U.S. domestic industries hit by the current account deterioration will intensify their protectionist pressure, and the U.S. Administration is likely to resort to all sorts of doubtful expedients to save foreign exchange.

Import surcharge

There is a danger that European countries, including the U.K., will dissipate their energies in a losing battle against these trends. A device does exist, however, for protecting a country's current account, until a Government has made up its mind to devalue. This is the import surcharge. While far from ideal, it is less protectionist than quotas, specific tariffs, or "Buy American" official policies. Indeed the moderate extra burden which exporters in other countries will have to face will be no more than what they can, in any case, expect after a formal devaluation.

ICI also became deeply involved in the affairs of Klinger Manufacturing (in which it had a 10 per cent interest) and acted as marriage broker when the Klinger textile interests were merged with Qualitex at the end of 1969. As a result, ICI ended up with a 10 per cent equity stake in the combined group.

Courtaulds' policy has resulted in its group sales rising almost fourfold since 1962. But pre-tax profits have been much more sluggish and have improved scarcely more than 2½ times.



Left: nylon yarn is inspected at ICI Fibres Gloucestershire factory. Centre: Mr. R. Haslam, chairman, Carrington Viyella. Right: Mr. K. Gardener, ICI Fibres.

Coming to the rescue

In retrospect the problems besetting the British textile industry proved so intractable that neither policy has really been successful. ICI found itself reluctantly springing to the rescue of the industry's tottering leaders. Last year it was obliged to solemnise a merger between the ailing Carrington and Dewhurst and Viyella International, which resulted in ICI getting a 64 per cent equity interest in the combined group. It has said it will not act as the majority shareholder and has only nominated one Board member; it has also undertaken to reduce its holding below 50 per cent as soon as practicable.

The assets which ICI has now set out to acquire all involve the process of "texturising" nylon and polyester synthetic filament yarns. Texturising, bulkling or—to give it its oldest name from the days of silk—"throwing" involves processing a shiny, "flat" untreated yarn so that its physical structure is altered and it becomes bulkier and more stretchy. The resulting yarns are very widely used in men's casual wear and women's dresses, and in certain applications such as stockings and tights, no other kind of yarn is suitable.

The process is one that can be done either at the plant where the synthetic yarns are made or quite independently by companies which buy in the "flat" yarn and sell the textured yarn within their own group or on the open market. Every synthetic fibre maker in the world has been reporting on the depressed conditions of trade, in particular the devastating effect of falling selling prices caused by productive overcapacity. Not surprisingly, they are all looking closely at ways of improving their mar-

gins. Cutting operating costs through staff reductions, mothballing unwanted capacity, invoking higher prices in the hope they will "stick" and developing more expensive speciality fibres are all lines that are being pursued.

Another possible approach is to incorporate the texturising process. This offers the prospect of raising the added value of the flat yarn. If done on a sufficiently large scale, the economic attractions to a fibre manufacturer are strong.

To a greater or lesser extent, the major fibre producers have become involved in this field of "producer texturising." In the U.K., for instance, ICI's associate, Fibre Industries, has already undertaken a massive programme of investment; now its parent company is following suit on a big scale by acquisition. For the past two years ICI has been doing some texturising itself at its Pontypool works under the brand name Tendrille. However, the ICI's share of ICI's nylon yarn is textured by independent or at least semi-independent companies.

Of the other fibre makers in the U.K., Courtaulds make a textured nylon under the name Sbarone, and British Enkalon, through its subsidiary Teesside Textiles, makes textured polyesters under the names Diolen Loft (for women's wear) and Diolen M (for men's). Until now the emphasis in producer texturising has been primarily on nylon rather than polyester yarns. Courtaulds, in preparation for the day when its own polyester Lirelle would be produced, has been texturising polyester yarns supplied by the

other big fibre makers for some years.

Most of the polyester texturising done in this country has been carried out until now by the so-called "Crimple Club," an association of texturisers which originally bought their polyester yarn exclusively from ICI and sold the textured yarn under the Crimple Club label. In its heyday the club was a great success and held by many to be a living proof that ICI arm's-length policy towards the textile industry was benefiting all concerned.

The club became a rather less happy place when other fibre manufacturers, notably the West German Hoechst, entered the U.K. market when the basic patents held by ICI lapsed. Further trouble arose when Klinger Manufacturing (which was not a Crimple Club licensee) was merged with Qualitex, which was. The combined company continued to buy both ICI's polyester and competitive yarns, a policy which not unnaturally annoyed the other members of the Crimple Club who were debarred from dealing likewise by the agreement with ICI.

Now, ICI will in effect become the new group's largest member through the proposed acquisition of its own Crimple Club. The two Carrington Viyella subsidiaries, William Tatton and Aycliffe Textiles, between them account for 40-45 per cent of all the Crimple made in the U.K. Qualitex is less important in this field but when added to the others, should push ICI's Crimple output over the 50 per cent mark. Since Crimple accounts for about 70 per cent of the textured poly-

ester sold in this country, ICI's direct involvement will be very great.

In nylon texturising, Qualitex is a rather more important operator than the two Carrington Viyella companies. However, since the nylon market has been rather soggy, Qualitex has, under the direction of its 31-year-old managing director Mr. Michael Likierman, been switching from nylon to polyester tex-

turing.

Continental stake

Taking the polyester and nylon interests together, ICI estimates that its new group of yarn processors will account for about 35 per cent of total U.K. production of the two kinds of textured yarns.

The yarn processing plant which it will acquire, if the deal goes through, are scattered all over the U.K., from Ballymena, County Antrim, to Margate. It seems highly probable that, before the year is out, ICI will have grouped all the operations under one management.

This in turn will facilitate co-ordination of production, allowing longer production runs, greater specialisation and, hopefully, considerable savings in operating costs.

Although the main involvement is in the U.K., ICI will also gain control of three Qualitex yarn processing subsidiaries abroad: in West Germany, the Netherlands, and Malta. Added to the loss-making German yarn processing company which ICI Europa took over from Carrington Viyella some months ago, ICI will gain

a substantial stake in continental yarn texturising. Over the world as a whole no other synthetic fibre producer will be able to claim as large a stake. It might be thought that the other members of ICI's Crimple Club would be viewing the latest moves with some apprehension. Initial reaction, however, appears rather the reverse. With such a large proportion of textured yarns tied to a single supplier whose determination to obtain more orderly marketing and better prices cannot be doubted, it is being said that other texturisers stand to benefit.

None of these other Crimple Club members is large by the standards of Carrington Viyella and many of them belong to one of the large textile groups which makes the proof against any likelihood of a bid from ICI.

"Want to stay friends"

Mr. Kenneth Gardener, ICI Fibres deputy chairman, says that there is room for small texturisers alongside the new ICI grouping. He points out that they have the strength of being closely integrated with their own groups. "We want to stay good friends without customers," he adds.

The policy now being adopted by ICI finally puts it unequally in the same camp as Courtaulds and British Enkalon, the subsidiary of the Dutch Akzo fibres and chemicals group. All three are shown a clear leaning towards a substantial volume of yarn processing themselves. This is a belief that this is how to be the trend in the fibre making industry right across the world.

In the opposite camp can be found Hoechst and Monsanto producers respectively of polyester and nylon in the U.K. and Du Pont, an active importer. None process yarn themselves in this country. Hoechst adamantly eschews yarn texturising anywhere in the world.

Apart from product economics, the next phase can be expected from ICI with concern the processing of yarn on a large scale at the site where the synthetic fibre is made. Plans are now going ahead for the company to dril

and texture polyester yarns at Pontypool and Kilro, Northern Ireland, using advanced manufacturing processes. As these plans gather momentum, the integration of fibre making and yarn processing will become more and more deeply—and probably irrevocably—entrenched. The interplay in seeing whether the other big fibre companies will eventually be forced to follow st

MEN AND MATTERS

Sardanis links with Joseph for a third career

Two months ago, when Mr. Andrew Sardanis, the former economic overlord of Zambia, resigned from Lonrho and returned from London to Lusaka, he did not sever his links with the City. His new company, Sardanis Associates, is incorporated in the U.K. with a capital of £1m. It has already done its first deal in Zambia and is backing for the new venture comes from the ubiquitous Mr. Maxwell Joseph's merchant bank, Robert Fraser. The link between the two was the previous working experience in Africa of some Fraser directors, and the bank has taken a 30 per cent stake in Sardanis Associates.

Direct mediation

Since the Indo-Pakistan conflict contains the seeds of a still more serious crisis it can be argued that the major powers should act at once to defuse it. The difficulty is to decide just what sort of action they should take. To take the dispute to the United Nations would be futile (besides having the effect of excluding China). Nor is there much scope to-day for direct mediation by a single Government on the model of the Soviet Union's 1966 initiative in Tashkent.

What remains is for the three major powers to attempt to arrive at an agreed position towards India and Pakistan on the basis of which effective sanctions (including the suspension of aid and arms shipments) could be put into force. The prospects for such an agreement may be slim given the traditional struggle for influence on the Subcontinent between Washington, Moscow and Peking. But the dangers of the crisis are great enough for Pakistan to be given at least the priority which has been accorded in the past to Vietnam and the Middle East.

In black Africa, did not work out and after four months Sardanis resigned. Now (and he is still only about 40 years old), Robert Fraser says the plans for Sardanis Associates are in two fields—high level consultancy and acquisitions.

The first deal is already completed, the buying of a 51 per cent stake in Wilfred Watson, a £3.5m. company whose principal business is as Zambian distributor of Caterpillar tractors. In one sense—the channelling of Western capital into private sector business in black Africa—the aims of Sardanis Associates seem ironically similar to Lonrho's. Robert Fraser's talk of several other companies Sardanis is looking at with the aim of putting them together into a "logically integrated whole."

Muffled

In spite of a lack of Rolls-Royces in the car park, there was plenty of evidence at the weekend Game Fair at Stowe School, Buckingham, that Britain's gentry is as affluent or extravagant as ever. This grand annual exhibition of sporting paraphernalia attracted so many that it exhausted programme sales and overflowed with charabancs of inquisitive Londoners, despite lacking game birds, hawks and falcons because of the fowl-pest outbreak. This epidemic seems to have destroyed vast numbers of pheasant, both specially bred and wild, and makes the prospects for this winter's shooting gloomy.

The Scots gamekeepers were the only happy ones. Even one of the more pessimistic said grouse prospects might be "spectacular."

Elsewhere among the Palladian garden impedimenta there were demonstrations of how to retrieve game baying successfully shot. Spaniels

bobbed, jumped and gathered scented rubber shoes which simulated dead game in the reeds, bushes and long grass of the park. Fisherman could also be given lessons and nimble-wristed old men flew line and fly an unmanoeuvrable number of yards to within an inch of the target. One cast across the lake four rods at once. Other teams of quick-eyed gamblers shot up to half a dozen clay pigeons per mechanical sling and had to wear earmuffs for fear of damaging their drums. That is really the moment sport (or conservation as it was called at Stowe) becomes sophisticated.

Rum story

"The chief fudging they make in the island (Barbados) is Rumbull, alias Kill Devil, and this is made of sugar canes distilled, a hot, hellish and terrible liquor." So wrote a Mr. N. D. Davis about 1851. The same fudging, white rum, produced with rather more sophistication, has just become the centre of a pretty warm marketing battle between Courage, with its own Dry Cane brand, and Bass Charrington which sells Bacardi here. Last week Courage announced it would spend £1m. over the next five years in an attempt to capture a quarter of the British white rum market.

Bass Charrington would not, in principle, be too bothered by this. Bacardi, probably the third (after Seagram and Johnnie Walker) biggest-selling branded spirit in the world, has found so far that where a rival enters the market, total white rum sales expand enough to maintain Bacardi's growth. But in the British case Mr. Roger Holloway, the Bass Charrington Vintners marketing director, says that

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International Sporting Club

Gaming Act 1968

Please take notice that on the 11th day of May, 1971 the Gaming Licensing Committee for the Petty sessions area of South Westminster in the County of London granted a Gaming Licence other than Bingo, pursuant to a Certificate of Consent issued by the Gaming Board, in respect of the premises situated at Lansdowne House, Berkeley Square, London W.I. to enable the premises to be used as a Casino by the International Sporting Club.



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Investment Services

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Survey

Wide range of expertise for pros and amateurs

By SANDY McLACHLAN

The age of the small private portfolio is passing, to be replaced by the age of the professional. This is not to say, let me hasten to add, that the intelligent amateur investor can no longer come out ahead of the field by astute judgment and a close eye on the market. But increasingly the odds are becoming stacked against him: less people want his business as rising costs make him an increasingly uneconomic proposition, and as the speed of information dispersal and appraisal increases among the professionals, it becomes increasingly difficult for the amateur to stay in the race.

Over the last few years there has been a bewildering proliferation of services available to the stock market investor, most of them geared to cater for the professional investor. Traditional investment aids live on: it is hard to imagine the famous statistical card services of Extel and Moodies ever being entirely replaced, and inconceivable that be real basis for a lot of investment decisions would ever be anything but the personal contact, the continuing circular flow of information by word of mouth which goes to make the consensus of opinion that in the final event is the market. However, the professional investor, and particularly the long-term investor, such as the pension fund, can afford a more clinical and analytical approach, and the tide rule has been supplemented to an almost unbelievable degree by the computer.

The field of investment services is a wide one. It takes in the stock market itself, the unit trust movement, the discretionary portfolio managers, the banks, the chartists, statistical services, and investment advisory services. The rapid changes which are taking place have an effect not only in the

manner and pattern of investment, but also on the institutions, such as the stock exchange firms, involved.

For most of its history stockbroking has been a labour intensive industry. Quite apart from the dealing side, there is an enormous back-up administrative operation required. In rough and ready terms the size of the staff in the past has been a direct proportion of the amount of business, and small firms had an almost equal chance with the large.

Changing face

That this is no longer true is recognised by the steadily diminishing number of member firms by amalgamation into larger units. Partly this represents the pressure of universal overheads such as the cost of accommodation and the like, but a greater degree probably it represents the changing face of the business, involving a greater emphasis on capital outlay.

Although there is still a surprising number of lucrative private clients around the emphasis has moved of necessity towards attracting institutional business. Over the years the larger brokers particularly have built up increasingly sophisticated research facilities, as have many of the jobbers.

A big research staff is an overhead which requires quite a chunk of business to make it pay off. And at the same time the computer is thrusting its way in on two separate fronts: on the one hand there is the mechanisation of much of the administrative operation, and on the other there is the harnessing of the analyst and the computer in tandem. Once programmed the computer can allow the analyst a very fast calculation rate and can also give him a previously undreamt of information retrieval facility.

But the keynote to exploiting these developments fully is size: size of firm, size of computer, and particularly, size of client. Many brokers will still deal with Mr. "Man-in-the-Street" in his 500 shares, but who can blame them if most of their energies are devoted to cultivating the 50,000 shares-a-time institutional business.

The results of these trends can be easily illustrated. On the one hand there is Hoare and Co. Govett prepared to offer its clients direct access to its computer with their own terminals. On the other hand, the number of broking firms willing to go on the stock exchange list sent to inquiring members of the public, is shrinking.

Even the professional portfolio managers and merchant banks are being forced to raise their already substantial minimum investment sizes, and even now many of them feel that the rates charged are too low. They would prefer to raise their scale of charges and to provide a more complete financial service than simply managing a client's investment portfolio.

But the specialist portfolio managers, although managing vast sums of money on behalf of institutional and private clients, the level at which they pitch their minimum investment means a relatively small catchment area in terms of numbers of clients.

The vast majority of the investing public therefore is restricted to a few avenues of stock market investment. The small investor may be lucky and find a stockbroker who will deal for him—and he will find this easier if he lives outside London and deals through a provincial broker on one of the provincial exchanges. In London brokers may be more willing to take relatively small portfolios if they

are turned over frequently enough. However, the small man cannot reasonably expect the discretionary services offered to big investors.

Leaving aside this avenue for the moment, the small investor is left with his bank manager, or a unit trust. The banks are still able to do small business because other parts of a clearing bank's operations generates much larger sized deals which are lucrative to the broker. Attempts by some brokers to cut off the small dealing from the banks will probably lead them to losing the business at the top end of the range. There are enough brokers who are prepared to accept the banks' business on this sort of swing-roundabout business.

Successful method

This leaves the unit trust movement, which has so far proved the only successful method of spreading the benefits (or otherwise) of stock market investment to the £100 a time man, giving him the full benefit of a professional investment management. But even here it is possible for the slightly larger investor to get more favourable terms from trusts which confine themselves to a smaller number of bigger investors and are therefore able to pass on to the customer the administrative saving involved.

What is now happening therefore is a rapidly changing investment scene engineered by technological and economic factors, and also by social changes. The economic factors militate against the small investor, while application of technological innovation to investment research gives the professional a greater edge since he will have access to the information so produced, and both the time and the ability to study it.

Meanwhile social changes inexorably alter the balance of investment funds in favour of the professional investor. The tax structure and death duties combine to chip away at private fortunes, and meanwhile there is a steady growth in the amount of funds in institutional bands. This trend is unlikely to be reversed, and it is easy to see the growing importance of pension funds in the future, as pension benefits at all levels of employment are gradually improved.

It would be wrong to give the impression that the small investor must vanish overnight. Certainly the small man is far better catered for in terms of personal service in this country than he would be in the U.S., where the whole process of professionalisation has gone a lot further. But there an encouraging development has been the retail broking operation run by Merrill Lynch Pierce Fenner and Smith, the largest stockbroking firm in the world. Merrill Lynch has proved it is possible to make money on a mass of small operations.

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sion funds which do not tend to have their own advanced investment departments.

They include, for example, some big investment trust clients which use both their own expertise and merchant bank advice. Flemings, again, is exceptional in having a large slice of investment trust funds to handle as well as the bulk of the funds of the Save and Prosper unit trust group, the largest in the country. For most banks, however, the dominant institutional investor is certainly a private pension fund. It is a growing part of their business, and it is one which from some policy by using the new funds (though at the same time, one manager argued, requiring constant discipline to maintain a rational portfolio of investments).

Besides the pensions funds, the merchant banks handle a wide range of other institutional funds. These include local authorities and all types of trust funds, for example, for charities and for educational establishments and other institutions. All of these have individual aims and problems, and many fund managers admit that they rather enjoy tackling the requirements of such opera-

tions and gain considerable satisfaction out of helping a charity to make the best of its money.

Finally, the private clients. For some banks, particularly those which have only relatively recently started to build up their investment management business, this is a substantial part of their activity. For all of them, it is one which shows steady growth; through personal recommendation and through their contacts around the country, the banks find a constant flow of new private business coming their way—at times at an embarrassingly high rate—and while it can be difficult to handle the personal needs of a large number of individual clients, they welcome the growth.

One company in particular, First Investors and Savers (one of the satellites of the Vassarose financial group) is making a specialty of seeking private business, and offers to individuals with a minimum of £50,000 of funds a comprehensive personal financial and tax planning service which is not paralleled elsewhere.

The advantages which the merchant banks can claim for their investment advisory service rest, obviously enough, mainly on the quality of the investment advice they are able to provide. Whether for private individuals or for the variety of institutional investors which use their services, the attention of full time investment experts is generally more likely to produce a satisfactory return on their investments. The service, it is pointed out, is supported by the full research facilities of

Continued on next page

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INVESTMENT SERVICES II

Choice of private portfolio managements

By EDWARD MYATT

Most people with investment capital of between £25,000 and £100,000—the terms of reference here—want their own individual portfolios. Hence the need for private portfolio management. It may be provided by a stockbroker, a bank, or an investment counsellor—or by the individual himself—but somebody has to do the job. Portfolios do not manage themselves nowadays as any shareholder in Rolls-Royce will tell you.

An alternative would be to use a managed investment vehicle such as a Unit Trust. From the investment management point of view the techniques are not so very different and the charges are much the same in net terms. But one is a collective service, the other an individual, and there is a large and growing demand for both.

In my view, the most important thing about private portfolio management is that it is a personal service. The attraction for the client is that he has an expert who knows and likes and can trust looking after his affairs. It is here that investment counselling differs most from unit trust management. With thousands of unitholders to look after—most of whom have never seen and know nothing about unit trusts cannot provide the same personal attention. After all, they will act for somebody with as little as £100.

At the outset the portfolio manager will want to know as much as possible about a new client—age, family, occupation, investment likes and dislikes, and most important of all, how he regards his capital. In very many cases it will be thought of as a fund for "retirement" in some shape or form—something to guard the individual against all the unknown hazards of the future.

Personal meeting

Only when the client's views are fully ascertained—preferably at a personal meeting—can a suitable policy be drawn up.

Compared with the important task of establishing, and maintaining, this initial rapport, the day-to-day portfolio management itself is a relatively simple job for a skilled manager.

In investment—as distinct from personal—terms the client's requirements will fall into one of three broad categories: growth, income or a combination of the two. A further overall division is between UK residents (paying the £ premium for dollar stocks) and non-residents (exempt). Finally, there are clients who pay capital gains tax, generally the UK residents, and those who do not, the overseas residents.

A new client's requirements would be coded on this basis and his initial portfolio analysis. Unsuitable stocks would be sold, suitable holdings endorsed or made up.

The client's portfolio and requirements would then be entered in the records, which ideally would be computerised. Thereafter a continuous watch would be kept on his investments. Necessary action would be taken on any bids, rights or capitalisation issues—or any other development affecting the securities under management.

If information reaching the portfolio manager suggested that a switch was desirable, this would be made.

Over a period, clients of a particular portfolio manager with the same investment requirements and similar taxation and domicile background would acquire basically similar portfolios. This is not a criticism but a matter of common sense.

It is quite beyond the resources of any man or organisation to keep a close watch on some ten thousand quoted U.K. securities and thousands of overseas securities. Nor is it necessary. Provided the portfolio manager can obtain an adequate spread of risk and adequate marketability for his clients, far better to know fifty investments well than have passing interest in five hundred.

Thus organised, the portfolio manager can spend a great deal of his time studying his master portfolio and making investment decisions about the general level of stock markets and buying and selling limits. Should we go more liquid, or is this a time to be fully invested? Should we take a profit on our bank

shares? Are Shell in a buying range?

The answers are then related to the portfolios of individual clients. Which clients are fully invested—or liquid? Which clients hold bank shares? Which clients might buy Shell?

It will be seen that he has an interest—actual or potential—in a relatively small number of carefully chosen stocks, the private client will not be very different from a Unit Trust investor. Indeed, his portfolio will be even more selective—perhaps no more than 15 or 20 stocks as compared with 50 to several hundred in a unit trust.

Burden lifted

Where he differs is in being relieved of all the problems of investment choice: the decisions are taken for him by the portfolio manager. In the case of a unit trust the individual must himself decide which of some three hundred trusts best suits his requirements; he cannot reasonably ask the individual trust for a view. The private client is also spared the immensely difficult and worrying business of deciding about hull and bear markets—whether he should be more or less liquid. Here again we can reasonably expect the unit trust—or a building society—to advise him.

A good record and information retrieval system is the basis of sound portfolio management.

For the good client the manager will take all his decisions free to the best of his ability, without worrying about the client reaction. He knows that there is a basis of mutual trust and confidence. The awkward client may have so inhibited the manager over a period that thinks twice before suggesting any change. The difference shown in performance statistic is quite astonishing.

Basically, private portfolio management is neither an art nor a science but a matter of two people getting on together.

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In this month's report close to 400 individual shares are investigated and rated not only in accordance with the professional principles of chart interpretation, risk grading for industrial group, diversification implications, marketability, in addition to other psychological factors. Each share is designated as a buy, hold or sell candidate and rated for its potential profit. The selections are then reviewed weekly in the interim reports where valuable strategic guides are given.

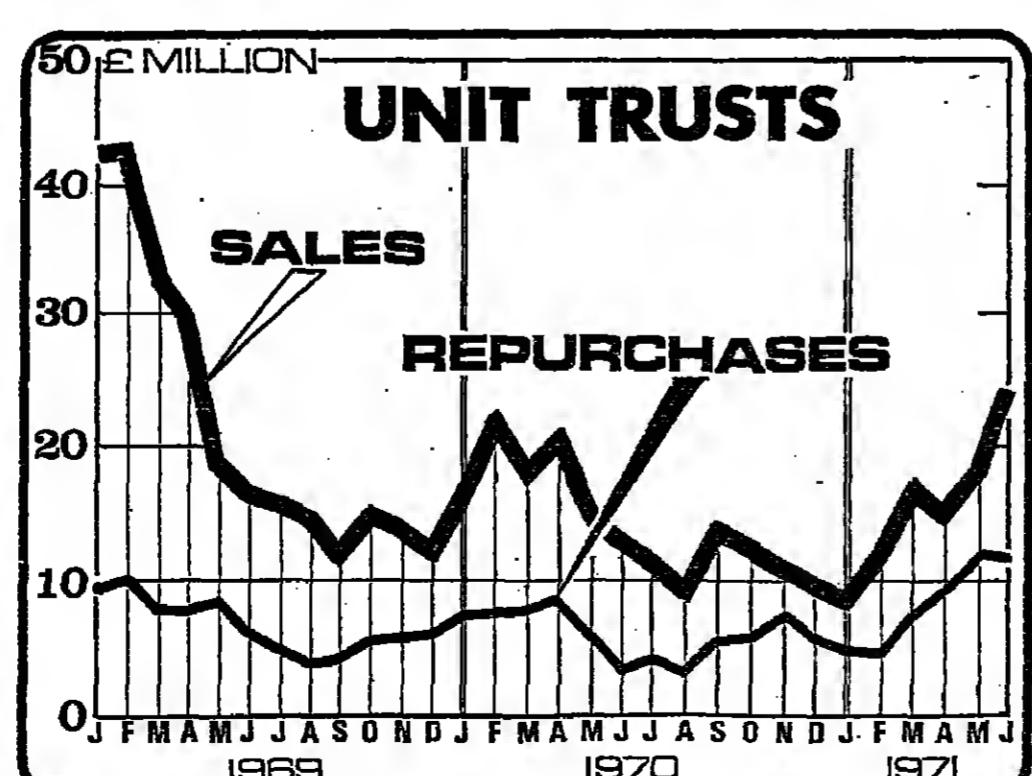
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Not only does this month's report give detailed recommendations for investor action, but also includes a complete analysis of the Haller Theory Composite Chart showing market

The Economist (Nov. 8th 1969), referring to the Haller Composite. It is remarkable how the charts have appeared to give accurate forecasts of impending market trends.

In addition to the Master Portfolio Analysis and the valuable indicator supplied by the Haller Theory Composite Chart, the

UNIT TRUST SALES

—(SEE PAGE VI)



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INVESTMENT SERVICES IV

Stockbrokers and the size of individual deals

By KENNETH GOODING

As the services offered by stockbrokers become more and more sophisticated many of them are beginning to find the "small" investor an embarrassment. If you are wondering just how small is "small," the answer is that anyone with a portfolio worth less than £25,000 is unlikely to be a profitable proposition to some brokers if the client demands any kind of real service at all.

The situation is ironic in a way because the activities of the London Stock Exchange's publicity department and the Wider Share Ownership Council are all likely to produce the kind of business which many brokers admit is loss-making. Anyone in search of a broker is advised to write to the secretary of his nearest stock exchange for help. If he writes to the London Exchange he is sent a list of six firms and asked to confine his approaches to only one of them. The list of six brokers is sent out 100 times by the Exchange and then the names on it are changed.

Personal contact

Significantly, only about half the broking firms who are members of the London Stock Exchange allow their names to go forward on this list—the rest apparently believe that the business it brings in is small and unremunerative.

When a majority of London Stock Exchange members recently turned down the idea that brokers should be free to advertise for business, they also had in mind that this kind of advertising would mainly bring in small clients. For broking remains very much a matter of personal contact and brokers still prefer to get new business through existing clients rather than to have a phone call or letter out of the blue from a complete stranger.

In their efforts to cut down the amount of small business, some brokers have also cut their links with the clearing bank branches. Deals done through the bank branches tend to be very small to start with and then the commission on them has to be shared. However, there are no settlement problems arising from this type of business because the bank makes sure the paper work is completed in good time.

Work on the settlement of a deal is just one aspect of the broker's service which costs the same whether the client is large or small. Private clients, even those of long standing, generally have to be prompted to complete the paper work involved in share transactions, rights issues and so on, and prompting takes time.

It can be argued that, if a broker keeps a small client active so that the portfolio worth, say, £5,000 is turned over regularly then the business becomes profitable. The trouble is that this would turn an investor into a pure speculator and, in any case, the advent of capital gains tax has discouraged this kind of active dealing by individuals.

Those brokers who reluctantly take on small business—perhaps because the would-be client is the son of a long-standing customer—tend to tuck it away where it will get good servicing without costing them money. For example, one large broking firm I spoke to would, when taking on a £10,000 portfolio, suggest £2,000-£3,000 be invested in short-to-medium term gilt-edged stock so that



The new London Stock Exchange.

it was available in emergencies and that the rest be split between a couple of investment trusts and a unit trust.

Like the merchant banks, many brokers operate their own internal unit trust schemes into which the money of small clients is pooled.

Small clients

There are brokers who specialise in taking on small clients but they also tend to lay down pretty firm guidelines before accepting the business. The brokers ask for a good deal of freedom within certain limits to act on behalf of the small client and this does away with the necessity to keep constantly in touch with the customer or the need for the client to constantly telephone the broker. That is one method by which the small client can be made a paying proposition. The small man who makes his own decisions, never asks advice and just uses the broker to deal for him is also a profitable customer.

According to one estimate, put forward by the man in charge of a broker's private clients department, one person can handle about 100 clients but if they

insist on making regular telephone calls for advice or to discuss their portfolios the most an individual broker can handle is ten clients. He argued that brokers should not water down the service to private clients by taking on too many of them and the obvious clients to cut out were those which did not bring in a profit.

This means that, if you are among those clients who have more than £25,000 to invest, you can expect a really first-class service from the broker—a service to some extent subsidised by the institutional investors looked after by the same firm. All the back-up services employed by the brokers, things like the team of analysts, the regular visits to companies and even computer programmes, can only be afforded as long as the broker has a good institutional business.

But some of the results from all this research is passed on to those handling the affairs of the broker's private clients to be used for private clients' benefit. It follows that there is intense competition among the brokers for the business of the institutions but, unlike many service industries, the brokers do not compete with the charges they make. The Stock Exchange fixes

a minimum commission chargeable and the brokers stick to this except in exceptional circumstances. Minimum charges for small deals have been introduced—another method of discouraging the small investor—and these schemes are now working well. It is no longer the case, as it appeared to be in the past, that a provincial broker almost automatically got through to the London Stock Exchange to complete his deal.

Some brokers merging to get the benefits of combining turnover and cutting costs. For the foreseeable future, however, the small broking firm, specialising in one particular sector, will continue to survive and thrive.

Face to face

So it is often better for an investor living outside the London area to deal with a local broker rather than with someone in the City. Again it must be stressed broking is a personal business and both broker and client benefit from a face to face chat about the client's financial situation so that the cash for investment can be put to the use which suits his own situation best. And it is much easier for a man who lives in Leeds to have this kind of relationship with a Leeds broker than with a firm in London.

In London and the provinces the future trend, as in the past five years, will be towards bigger firms with the smaller

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Using provincial exchanges

By ROY PETERS

Stockbrokers who are members of Stock Exchanges outside London have several advantages over their colleagues who work in and around Throgmorton Street. Their rents and other overheads are much lower, they are able to give on the spot personal service and advice to clients, and they have close knowledge of how local companies are faring. They always have competition on the doorstep and are rarely very far from their clients. Several are on the boards of public companies and therefore at close grips with what is going on in industry.

In addition, because of the buying and selling orders that they send to London they are regularly supplied with the output of London's investment research departments. But this is not the only reason, because London and provincial brokers can be helpful to each other in notations of companies in which there is both national and local interest, in placing large lines of shares of these and other companies, and because every London broker worth his salt will obtain local opinions of local companies. For example, Manchester brokers have always been in extremely close touch with the textile industry. Liverpool has a long history of sound knowledge of insurance shares and, of course, Birmingham brokers are surrounded by the motor industry, its components suppliers and a whole range of engineering firms.

The flow of investment research information is therefore by no means a one-way traffic. Because of the big rise in

overheads in recent years, in part attributable to the research and service effort for institutional investors, some London stockbroking firms are not too keen on dealing for investors of moderate means and some have even refused to continue to do business for provincial brokers as much of it consists of small orders.

The result has been that the provincial brokers have increasingly dealt on their own markets or in other provincial centres, that a lot of business has bypassed the London Stock Exchange. They have been put on their mettle, and just as London has improved its service to institutional clients so have provincial brokers improved their service to private clients.

It is worth recalling what has happened in the past ten years in order to appreciate what may happen in the next ten. The Federation of Stock Exchanges in Great Britain and Ireland was conceived in the early sixties and the prospectus was published on April 29, 1965. The basic thinking was to bring the stock exchanges closer together in the course of time, to establish a base for future collaboration which would produce a better service for investors, and to create a united stock exchange.

That last goal has still not been attained, partly because the London Stock Exchange is still wrestling with the huge problem of a unified bargains settlement system—the original proposals in the Hesman report

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INVESTMENT SERVICES V

Growing abundance of statistical information

By NICHOLAS LESLIE

The analyst investment man and others cannot reasonably claim that a shortage exists of data covering the financial, economic, domestic and political scenes. What the analyst, etc., may have, however, is a headache when he wants to put his finger on a particular item of data.

This is where the statistical services step in. They exist and have done so for over 100 years, to provide and to process masses of data and in the course of their development have had to specialise in particular fields.

This is not surprising. To be able to offer what could be described as a complete range of statistical services has only approached being a possibility with the advent of the computer. And even computer-oriented services have still a way to go with the possibilities they present.

Nonetheless, whatever the sophistication the computer brings, two of the earlier statistical services still provide invaluable information for the stockbroker, merchant bank, investment or unit trust, financial Press and others.

They are the financial wires and the statistical card indices, the former of which have been operating from around the middle-to-latter part of the 19th century. Financial wires are operated by Reuters, Exchange Telegraph Company and AP-Dow Jones and all three are household names among those in the City or those who have by connection with it.

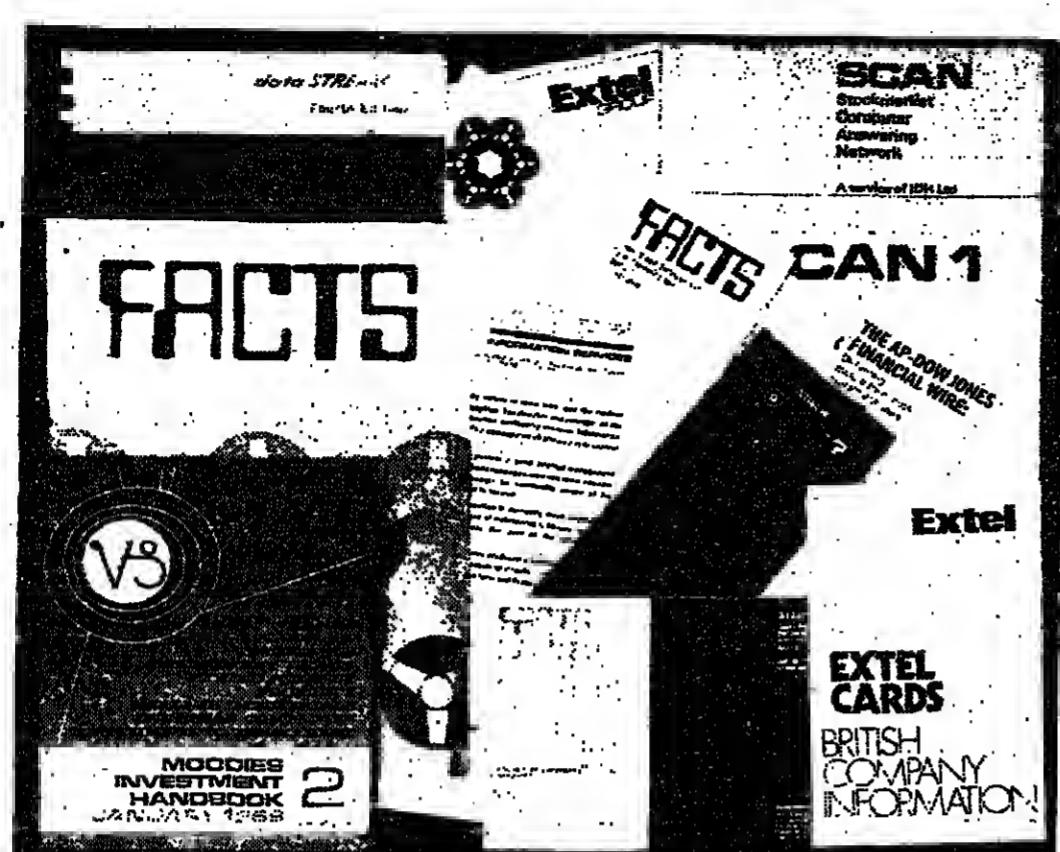
Financial data

Reuters and Extel work together to give international coverage of financial news and data, the former covering overseas countries and Extel the UK. In addition, Extel has the exclusive contract to transmit to subscribers share prices direct from the London Stock Exchange.

Another example, other than share prices, of data conveniently transmitted is the ranges in metal prices. Many metal dealers throughout the UK are subscribers to such a service and when it is remembered that knowing the movement of metal prices at all times is the difference between a profit or a loss, then the value of such a service can be appreciated.

AP-Dow Jones is an investment-oriented international data service. It is the combination of Associated Press and Dow Jones, the US concern which publishes the Wall Street Journal. Running for 15 hours a day, AP-Dow Jones relays to the same Wall Street broker service as is transmitted throughout the US.

Moving on to the card indices, we are presented with a back-up to the financial wires. Because when the latest news comes over of a particular company, such as profit results, this can then be studied in relation to a fairly complete history of the company which the card provides. The cards contain details of a company's capital structure, assets, liabilities, profits or losses going back a number of years and a précis of the latest news from the company itself. xtel Statistical Services began



Examples of the growing number of statistical services now available.

its card index about 50 years ago covering only UK companies. It has since progressed to cover European, American, Japanese and other overseas companies, as well as publishing specialised statistical books.

Moodie's, a U.S.-based concern, has its own card index, which, while similar to Extel, has its differences. A newcomer to the scene is Extrace Information Services, which incorporates informed comments on the investment potential of companies and which is also just about to launch a new card index setting out the major shareholders in several hundred of the major UK companies.

Thus, through the financial wires, card indices and various publications it can be seen that a host of statistical information can be made available. In time saving alone this must be of benefit to any research programme.

Computers, however, open up a whole new dimension for statistical services. Not only do they further speed up the provision of basic data, but they also will eventually enable the user to assess the investment potential of companies and business sectors in the light of Government socio-economic, financial and other statistics and to calculate and evaluate almost any number of variables.

This can, of course, already be done, but in a fairly laboured way. And the computer-oriented service means a far greater number of individuals or institutions may make their own assessments at greater speed and with the computer doing all the time-consuming and costly calculations.

At present the heady heights have not been reached. One of the first computerised services, International Data Highways SCAN system, was set up around five years ago to provide a data bank of share prices and to undertake portfolio valuation.

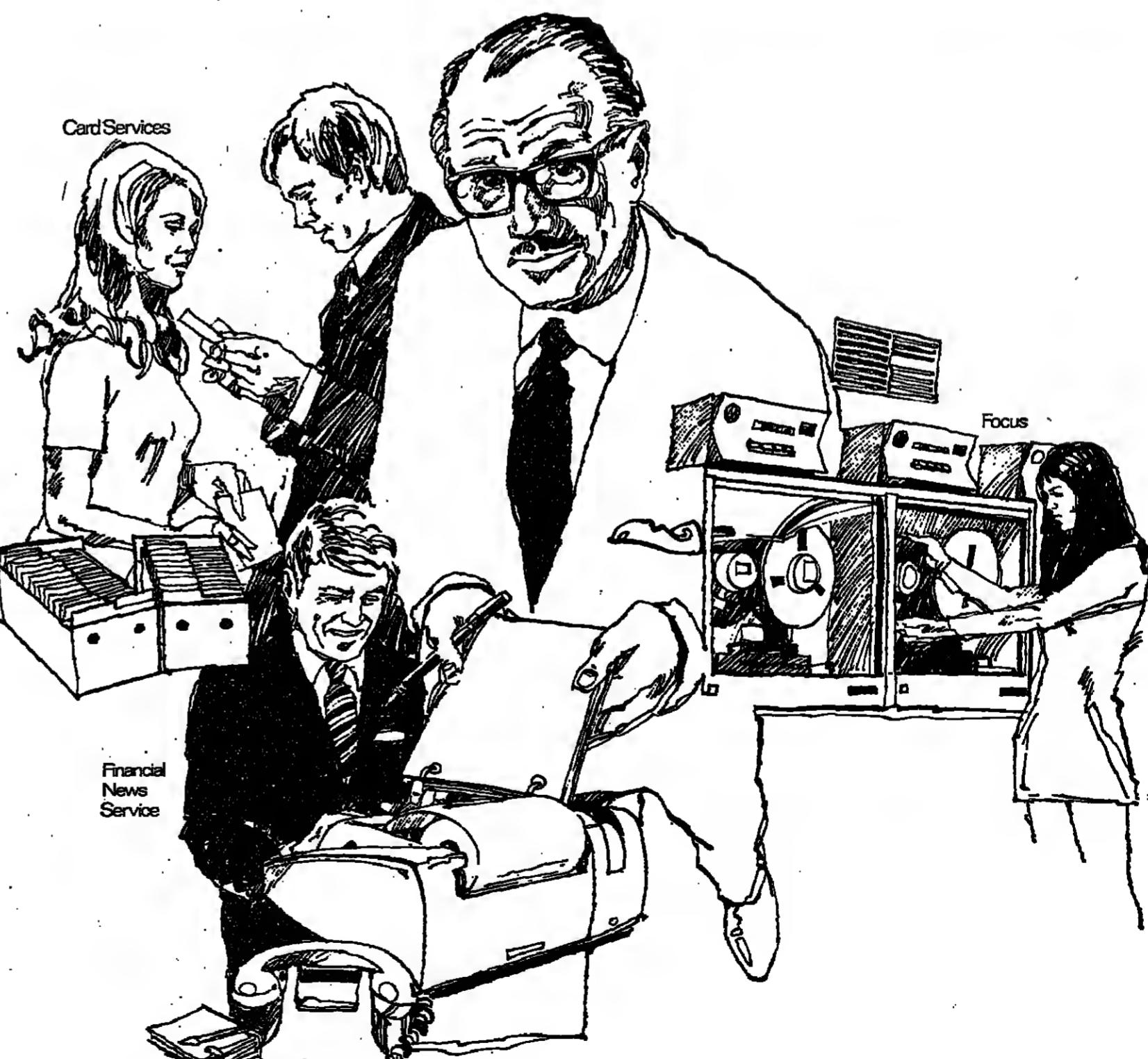
Others have since entered the field, such as Centrefile, a National Westminster Bank operation. Centrefile also has another service for stockbrokers whereby computer print-outs are done of share dealing transactions.

In outlining the capabilities of computers as the integral part of a statistical service it is possible really only to touch the tip of the iceberg since programs available from one service on,

say, just equities would be a story in itself. But it would be fair to say that even the current capabilities are really just the beginning.

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INVESTMENT SERVICES VI

Ease of access in unit trusts

By KEITH LEWIS

Unit trusts have for many years been the easiest way for the average person to invest in equities. And the service offered by the groups has naturally improved quite considerably since the movement's earliest days in the 1930s. Originally, unit trusts were quite inflexible affairs, sometimes even restricted to investing in specific shares.

To-day there are something like 260 authorised trusts, each having the freedom to invest in whatever the managers feel suitable for any particular fund—though, of course, there are still the trustees to watch over the proceedings. There are trusts to satisfy almost every requirement: capital growth, income or a mixture of both. There are those specialising in Japan, Europe, North America and Australia. And there are others concentrating in sectors of the U.K. market such as Financials (bank and insurance shares, for example), Plantations (rubber, tea and sugar companies), Properties and Mining. Charities and pension funds are also catered for with tax-exempt trusts in either equities or property.

For people prepared to invest a fair size sum in one trust (£2,000, for example) there are funds that offer extra low management charges. Groups like Schroder Wagstaffe, Tyndall and Hill Samuel come into this category.

Record funds

Even though the unit trust industry is at present going through something of a difficult phase, with redemptions running at unprecedented levels, the funds under management are also standing at a record of £1,688m. There were 2.35m. unitholder accounts at the end of June, and the average holding £713.

But basically all unit trusts set out to do the same thing—take the effort out of investing in ordinary shares for the individual who has neither the skill nor the time to select shares for himself. They also offer a wide spread of equities, which the individual would not normally be able to afford and which help reduce the downside risk if one share falters. An added advantage is that units can be bought direct from the manager company, unlike an orthodox share investment where a broker has to be used.

There are some minor tax disadvantages, however, that are worth spelling out. The removal of capital gains tax on disposals under £500 per annum in the last Budget effectively makes direct share investment technically more attractive. Furthermore, for the smaller investor, allowances can reduce the actual gains tax liability to about 21 per cent whereas through a unit trust there is a common 30 per cent rate. It is hoped, however, that these anomalies will be removed in the near future.

Nevertheless, there are numerous other reasons for using unit trusts. For example, reports are sent out every half year to unitholders, giving details of the shares in the portfolio, the dividends received and paid (assuming it is not an accumulator fund), the Board's views as regards market conditions and the management accounts at the end of the period. Certificates are sent out stating the capital gains tax paid by the fund on behalf of the unitholder.

Naturally enough with 260 funds in the market vying for attention, competition is rather intense and therefore advertising material is very closely policed.

This job is usually undertaken by the trustee (often a clearing bank or large life assurance group) and, if the group is a member of the Association of Unit Trust Managers, it is checked again for both factual errors and misleading claims. There have been cases where promotional material has been rejected.

Competition is invariably a healthy thing but with the public's growing awareness of performance and performance tables some groups have been

Elsewhere in this survey (Page VII) the question of protection of shareholders is examined as an important part of the investment package served up to shareholders. This article looks more closely at situations where shareholders have attempted to help themselves, with varying degrees of success.

When shareholders act for themselves

By MICHAEL BLANDEN and SANDY McLACHLAN

Few shareholders are in the lucky position of Mr. Maxwell Joseph and Mr. Donald Forrester, two Cunard shareholders who over the past week or so have spent several hundred thousand pounds of their own money buying Cunard shares in an attempt to block a take-over bid which they feel is too low. True, Mr. Joseph and Mr. Forrester are also on the Cunard Board, but in this exercise they are acting in their capacity as private shareholders. In fact, take-over bids represent the situation where the shareholder is, potentially at least, in his strongest position. More often than not shareholders will vote with the Board, but frequently both private and institutional shareholders reject the advice of the directors, and a number of contested bids are successful.

There are two other broad categories where shareholders may try to take concerted action to influence their Boards of directors. The first is where a company has a history of bad or at least unsuccessful management; usually the record has to be abysmal to force shareholders into action. The third, even broader, category is where shareholders feel that their rights are being infringed in some form or other. This can cover a multitude of situations.

In this review we are not concerned with the forms of legal redress which shareholders can seek. Rather it is a question of how much can institutional or private ginger groups achieve by bringing pressure on the board of directors through their own efforts.

Determined groups
Concentrating for the moment on takeover bids, there have been one or two occasions where determined groups of shareholders have altered the course of events. Perhaps the most interesting was the drawn-out affair at Raglan Property Trust. Having defeated a bid from Alliance Property Holdings in 1968, the Raglan Board announced an agreed bid from Greencoat Properties early in 1970 at a price valuing Raglan shares at £1.6d—or below the then prevailing market price of 7½d.

This aroused the displeasure of a Poole property developer, Mr. James Rowland-Jones, who had already had previous success in the ginger group game as a shareholder in Retia Phoenix back in 1968. Mr. Rowland-Jones rallied small shareholders to oppose the Greencoat offer, and then the position was further confused by a second bid from Alliance. With massive proxy support from Rowland-Jones defeated both offers, and then bad him elected to the Board. He even persuaded the retiring directors to end their service contracts

without asking for compensation. Shareholders are seldom as dramatically successful as this in their efforts, and Rowland-Jones' experience at Retia Phoenix is also interesting. Himself a holder of 200,000 shares, Rowland-Jones organised the support of a total of 2½m. shares—30 per cent of the equity—against the bid from E. Alec Colman. The bid went unconditional but the rebels hung on, and were eventually bought out at a higher price.

Improved offer

It is not often that being a minority shareholder pays off. But as Retia Phoenix shows it can happen, and Lombard Banking is another case. Here it was institutional opposition to the terms offered by National Westminster Bank for the Lombard convertible. The offer for the ordinary shares went through, but the institutions stuck out against NatWest, becoming in effect minority shareholders. Within a few months NatWest reconsidered its position and made a new, and improved, offer for the convertible.

In fact, it is nearly always the case that ginger groups are doomed to achieve very little unless they have institutional backing. However, sometimes it happens that the institutions will take up a case first put by a group of small shareholders. The best recent example of this is at Blaenau, where small shareholders decided to oppose the Board's proposals to put the company into voluntary liquidation. Immediately prior to the meeting the rebel shareholders reckoned that they could count on the support of a quarter of the equity, but it was last-minute support from institutional shareholders which finally ensured defeat for the voluntary liquidation proposals at the meeting.

The power of the institutions when they act in concert is undisputed. For example in the Pergamon Press situation an institutional third force was able to hold the balance of power between the warring factions of Leasco's Mr. Saul Steinberg and Mr. Robert Maxwell. The institutions are in a better position than the small shareholder to act in cases where they feel that management changes are necessary for one reason or another. The best example here is the appointment of a new chief executive to Vickers after talks on management between the company and institutions led by Prudential Assurance and merchant bankers Hill Samuel. Also there is no secret that the institutions played a part in the announcement of Sir Charles Hardie's decision to retire at Metropolitan Estate and Property Corporation.

Even major institutional shareholders, when they feel the need to take positive action, are

The Financial Times Monday August 2 1971

age, or in the parent's name for those under.

Alternatively, trusts can be set up on behalf of a child and can be added to at will. This sort of trust has certain estate duty advantages, though it is well to remember that they are irrevocable and that it has to be established that any money taken out of the fund (even if the parent appoints himself trustee) is strictly for the child's benefit.

Linked pension

Another variation on the unit trust theme is the linked pension. These schemes also received something of a fillip in the last Budget when it was announced that the ceiling for premiums qualifying for tax relief had been raised from 10 per cent of relevant annual earnings (up to a maximum of £750) to 15 per cent (up to a maximum of £1,500). There are a limited number of group operating in this field, among them M and G, Tyndall, Sav and Target.

In conclusion, it is wise to remember that unit trust should not be regarded as a way to make a fast profit. Quite often one year's winners get the wooden spoon the following year. While it is possible to jump in and out of trusts in the same way as shares, it is quite expensive, and it cannot be stressed too often that the minimum view for a unit trust in investment should be three years—probably more like five to be really sensible.

Last year, for example, turned out to be a good year for unit trusts—the top fund was Slat Walker High Income. But so far in 1971, with the upturn in the market, capital growth funds are again coming to the fore. To obtain the best service from a unit trust one should head for those with staying power rather than those with one good year behind them.

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INVESTMENT SERVICES VII

Safeguards for investors on all sides

By SANDY McLACHLAN

This survey has helped to highlight the growing range of the services and advisory sources open to the investor. There is one aspect which, however, has not been touched upon, and that is the question of safeguarding the investor.

Although not an investment service in the sense of a buy or sell recommendation, protection of the investor is a fundamental part of the package deal. It is also a highly emotive subject on which there has been a great deal of muddled thinking.

The basic legal framework controlling the actions of companies is enshrined in the Companies Acts of 1948 and 1967.

The two Acts cover a formidable range of subjects, and insure a substantial amount of disclosure of information by boards of directors to their shareholders. On the face of it, they give the Department of Trade and Industry wide powers to police the activities of the company sector.

Together with other legislation they form a wide, and fre-

quently strict code of conduct for public companies in general, banks, insurance companies (to some extent), unit trusts and other investment media such as pension funds.

There are other safeguards for the investor. The City has set up the takeover panel to regulate the field of bids and mergers in order to cut out the worst cases of abuse of director's powers. On another plane the Stock Exchange keeps a firm hand on its members, and runs a compensation fund to ensure that in the rare instances of default there is no loss to members of the public.

More willing

On top of this the small investor is getting an increasing amount of help from the institutional investor—so far not nearly enough, but gradually the institutions are becoming more willing to act in concert in unsatisfactory situations. They are best placed to make the myth of equity shareholder

control a reality, and when they pool their substantial voting weight they can often do so.

All these separate bodies give shareholders a wide variety of safeguards, some legal and some less official. The legal protection is the backbone of the system and has two main aims: the prevention of fraud and the furnishing of shareholders with all the information they can reasonably expect concerning the companies of which they are in fact the owners.

Having said this, however, it is of paramount importance to remember that one of the basic principles of British common law is caveat emptor—let the buyer beware.

The 1967 Companies Act introduced many improvements in company law, and blocked up a number of loopholes which had become evident from the workings of the 1948 Act. One of the major innovations under the 1967 Act was the granting of powers to the then Board of Trade to go into companies and have a preliminary look at the

The DTI makes substantial use of its investigation powers under Section 108 of the 1967 Act, although in most cases its investigation never comes to light. However, the DTI has stern critics who contend that it does not do nearly enough for the protection of shareholders.

It is at this point which tends to get feelings running high, and the disagreement stems from different interpretations of the law. Critics of the DTI say that the Companies Acts make the DTI the shareholders' watchdog; the DTI, by and large, do not agree.

The whole hog.

The 1967 Act allows the DTI, as it now is, much greater flexibility. If, after a quiet look round by inspectors appointed under the later Act, there is still a prima facie case that the company is either insolvent or is being run in a fraudulent manner, the DTI can then go the whole hog and have a really thorough and publicly announced investigation under the 1948 Act.

Continued on next page

Technical analysts will play a greater part

by ERIC SHORT

In choosing an investment there are two basic decisions to be made. The first is what to buy, the second is when to buy. Two methods of security analysis now dominate the investment scene. The first and most familiar is known as fundamental analysis which concentrates on assessing the value of investment. The second and well-known is technical analysis, often popularly referred to as "chartism". This concentrates on the price structure of the investment.

What are the tools which the

technical analyst uses? Briefly, they are charts showing the price movements of a particular investment or series of investments. The main part of the technical analysts work is connected with the movement in price of quoted ordinary shares, although the basic methods can be and often are extended to other forms of investment such as commodities. The rest of this article will concentrate on the technical analysis of equities.

There are three main types of chart used by the technical analyst. The first is the line chart, on which the daily price of the share is plotted and the points joined by a line. The Industrial Ordinary Share Index is often shown in the Financial Times by such a chart. The second is a bar chart which shows the high and low price for the day by means of a vertical line, with a small mark to indicate the closing price.

The third type of chart used is the point and figure chart. This shows price movements as a series of "x" and "o" on the chart. Such charts are quite complicated to construct and are the least understood by the uninitiated. However, they do show much more information than the other charts and are most used by the technical analysts.

Past behaviour

How does the technical analyst use these tools? By studying the past behaviour of the share price, he forecasts what the future movement in that price is likely to be and from that forecast makes the decision to buy, sell, hold or wait.

It would take too much space to describe, even briefly, the various technical formations and patterns that can occur on these charts and the significance of them. However, an understanding of the basic mechanics of the stock market helps to show the line of reasoning taken by the analyst.

The price of a share is that at which a buyer and a seller can be matched. If the buyers are strong in the market, the share price will rise. If, on the other hand, buyers are reluctant to enter the market and there is selling pressure the price will fall. This is simply the effect of the law of supply and demand.

However, there will be a reaction to such movements that can usually be predicted and this is where the technical analysis comes in.

This is just a simple example.

The mechanics of the working of the Stock Market are as complex and varied as the personalities of the buyers and sellers which form the market. Yet the net result of the actions and interactions of these buyers and sellers is indicated by the price movements of the shares in that market and a skilled technical analyst will spot changes in trends before they are obvious to everyone. It must be remembered that if a major change is taking place in a company's fortunes, the price of that company's share will always give warning and consequently a forecast of the future movement in that share price can be made.

The technical analyst does not base his predictions on one price chart only. The work of the "random walk" theorists has cast doubt on many of the assumptions of such automatic chartism, although it has in no way demolished the validity of technical aids to investment. For instance, while the share chart remains the analyst's most important tool, he will ignore the overall market trend at his peril. He must also study the trends of specific groups. A glance at the performance of the various sub-sections of the FT Actuaries Share Indices over the current year shows just how varied this is.

Thus the modern technical analyst's tools will include a considerable number of indicators designed to show a much fuller view of what is happening in the stock market than any series of stock price indicators can give him. It would seem that technical analysis, just like fundamental analysis, is useful only in proportion to its thoroughness.

Technical analysis has been

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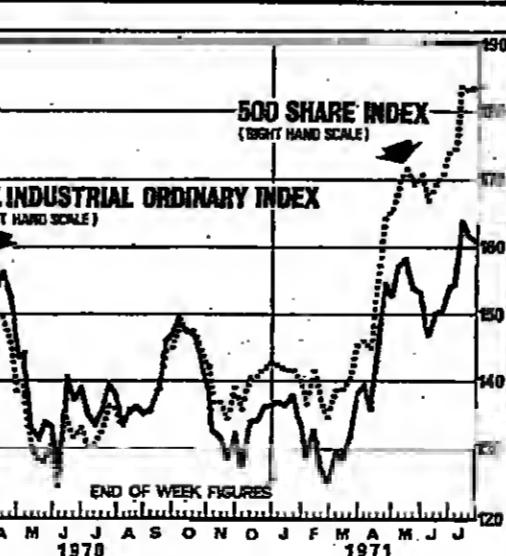
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INVESTMENT SERVICES VIII

Clearing banks' advice continues to be broadly based

By FIONA HUNTER

The situation of the small investor is one of the most urgent, least popular and worst chronicled topics in the City today. Virtually the only general financial advice readily available to the inexperienced and unconnected is that supplied by their local bank manager, or perhaps solicitor. Where fortunes of £25,000 or over are concerned the newcomer may be quickly passed on to an investment specialist, such as a stockbroker or even a merchant banker. Or there are the clearing bank's own burgeoning investment management services departments, which for an official fee of around £250 per £1,000 will assume the management of portfolios of £10,000 upwards. But the individual of more modest means is confronted by mounting indifference on the part of most investment advisers, since it is widely held that the time and paperwork that are likely to be involved will not be sufficiently offset by the fee or commission receivable.

In the latest edition of Barclays Bank Briefing ("a quarterly information service on money matters"), the chairman, Mr. John Thomson, recognises the fact that the local bank manager can no longer be expected to "pick up his own working knowledge of taxation, accountancy, law, real property and of all the other subjects on which his customers require advice. Nowadays promotion is so much more rapid and the field of finance so much more sophisticated that we must provide staff with specific training in these fields."

The establishment of training courses and specialists is certainly to be encouraged, as is the close communication between local directors and branch managers which Mr. Thomson claims for his group. But it clearly would not be economic to transform every branch bank into a financial supermarket, with a full complement of highly specialised staff, and it is hard for branches to spare existing top staff for more than a limited refresher or training course. (A Midland manager probably goes on about 4 courses in his senior life.)

Even the banks seem to be tightening up their treatment of the smaller investor. Traditionally financial advice is one of the ancillary services offered free to attract deposit and advance business, but the National Westminster's recent decision to grant managers the right to impose consultancy fees indicates a shift of attitude. At least, however, it is still theoretically possible to obtain advice from the banks on the most suitable way of investing the bumblest sum, in outlets ranging through investment and unit trusts, like policies, equities, gilt-edged securities and new issues to property and building societies.

Given that the banks are virtually unique in continuing to offer such a service the problem is that the variety of investment outlets and the other matters on which the bank manager may be expected to advise are increasingly diverse.

This means that it is hard for many of them to keep sufficiently abreast of changing circumstances to do a really good job.

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The inevitable result of this is that the quality of the service available still relies enormously on the individual abilities and enthusiasms of the branch official. One City bank manager has personally helped a limited number of relatively needy clergymen for some years with results that would please almost anyone. Another bank recently consulted on the best way to invest a few thousand pounds to be sure to beat inflation came down firmly in favour of building societies. The investor in question in the latter case has a reasonable fortune in antique silver so an ultra safe investment was hardly necessary, and the bank's decision was reached after an hour's consultation,

which should have been sufficient for them to establish the main background.

Recommended list

In defence against stories of this type the banks can claim that the local branch manager is no more than a go-between. At his best he is there to apply "a supreme commonsense" and put Old Aunt Agnes in touch with the right advisers. So far as equity investment is concerned each branch of each clearing bank is usually issued with a short list of recommended stockbrokers by head office, and OAA can be sure that if she puts equity investment at least the bank will find some stockbroker to handle her account. This type of business may be relatively unattractive for the broker concerned, but he will be compensated with other more lucrative bank business—and the banks have recently taken a tough line on withdrawing big deals from brokers who sought to shed the less attractive small stuff.

In most cases OAA will continue to deal with the broker

through the bank, which gets a quarter of the broker's commission as its fee. Contact at one remove can bring certain advantages—the broker will accept business from an unknown client because he is guaranteed payment by the bank, the customer often prefers to deal personally with a locally situated professional rather than a strange voice at the other end of a telephone and theoretically the bank manager can give the broker a better all round picture of certain customers' financial requirements than those customers could manage for themselves. At its best the system works well. Any decision by the customer can be instantly relayed to the broker—if necessary by telephone—and the transaction involved will be put through straight away along with the largest commissions from the biggest institutions. Unfortunately, however, it is all too possible for snags to occur, and since the bank customer often has no readily available alternative source of advice he has little defence even if he is aware of his problems.

One of the most obvious prob-

lems is that because of the relatively small sums involved, most brokers tend to staff their bank departments with the latest investment management recruits. This is all very well so long as a partner keeps close supervision, and new recruits can be exceptionally keen, but it does not inspire confidence. Another problem is that most bank portfolios are only reviewed at specific intervals—perhaps only once or twice a year. Unless the broker or the bank keeps a check list of what investments each client holds then vital opportunities may be missed.

Conservative bias

The defence against this is that the majority of bank customers cannot afford or do not want to take the high risks involved in rapid portfolio turnover, so they are not invested in stocks likely to need particularly close supervision. But the system does encourage a bias towards conservative investment decisions. Yet another problem is that the broker may feel less personal commitment to a client with whom he has no direct contact, and besides, he may

be kept lamentably short of information by the client himself—he may send advice rights issues or takeover bids but never know whether it advice was accepted.

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Safeguards—(Cont'd.)

Continued from previous page

feels it is up to shareholders to seek their own salvation.

Staying with the legal aspects for a moment longer, one area where investors enjoy a substantial measure of protection is in the unit trust field. Unit trust operations are closely controlled, and the legislation has so far proved highly effective. It is a tribute to the policing of the U.K. unit trust movement that I.I.I., the U.K. subsidiary of IOS, escaped almost entirely the backlash from the long-standing and widely publicised troubles of the parent.

Coming on to the internal policing carried out within the City itself leads to a look at the Stock Exchange. It does its bit in controlling the actions of companies to whose shares its members deal. All companies seeking a quote for their shares must sign the General Undertaking, and abide by the "Rules on Admission of Securities for Quotation." The Stock Exchange requires highly detailed information of a company to be published when it first comes to the market, and in future years it has the (rarely used) sanction of suspension of a share quote if a company steps too far out of line.

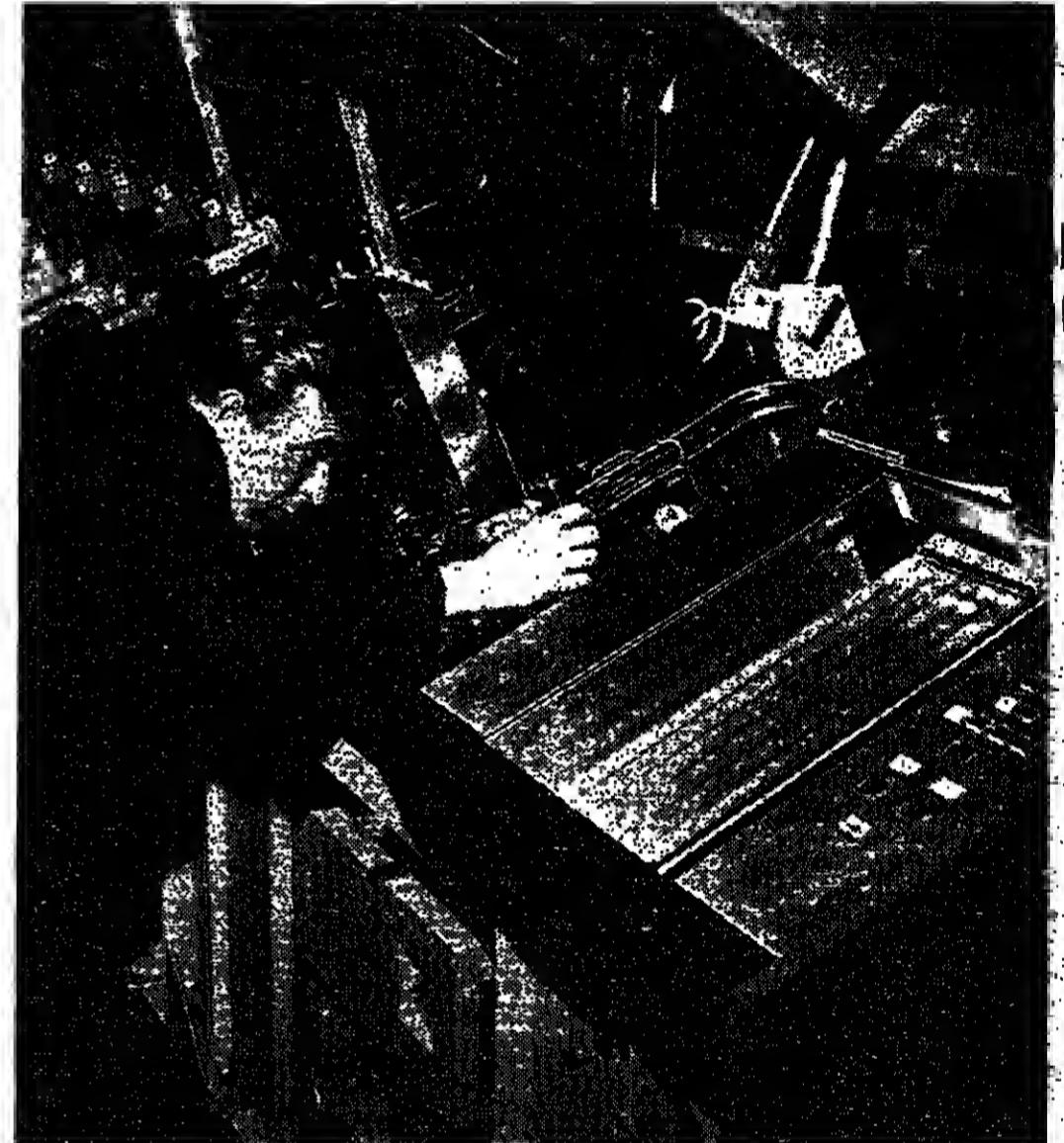
High standards

However it is in the control exercised over its own members that the Stock Exchange makes its real contribution to safeguarding the interests of investors. The Stock Exchange Council insists on high professional standards among its members, and there are rules governing solvency requirements of member firms to protect against members going broke. That even these may sometimes be insufficient has been proved recently by the number of "hammerings" which followed the hectic dealing in Australian mining shares during the boom and bust. However in each case all members of the public were fully compensated for any loss they had sustained (although there is no such protection for losses sustained by member firms as the result of a default on the part of another member firm).

Shareholders' interests are probably best safeguarded when their company is involved in a takeover bid. The City Panel on Takeovers and Mergers is now emerging as a strong police force to see that the rules are kept, and the rules themselves get gradually tighter as experience is translated into additions and amendments to the code.

Where shareholders have always been poorly served in the past is in influencing management on the running of the company, particularly when things are not going well. It is always difficult for a group of small shareholders, often unversed in protocol and tactics, to mount a determined assault on the boardroom. The shareholders is in a position to do so—the big institutional shareholders—have usually preferred the passive defence of selling out when things went wrong rather than actively seeking solutions to the problem.

Now, however, the small shareholder is getting much more assistance from his bigger brethren in terms of the protection of the value of his investment. The investment protection committees of both the pension funds and the in-



National Westminster and the Inter Bank Computer Bureau—which handle all transactions between the banks—each has an optical character reading system supplied by Recognition Equipment. Picture shows a fitter engineer adjusting paper handling equipment during the installation of an electronic retina computing reader.

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Labour News

Government pay strategy faces attack at TUC

BY MICHAEL HAND, LABOUR CORRESPONDENT

THIS Government's handling of the economy, including its pay strategy and its policy on nationalised industries, will come under heavy attack at next month's annual Trades Union Congress in Blackpool.

The unions will also continue their rearguard action against the Government's industrial relations legislation, with one of the printing unions, SGAT Division A, making a controversial proposal that any union which decides to register should be expelled from the TUC.

This will place some of the leading opponents of the legislation in some difficulty because however much they dislike the arbitration provisions, they are likely to take the line that it would be unrealistic to try to make such extreme action against one union which feel that they've no alternative but to grieve.

Alarm over the high level of unemployment has led to a vote of resolutions—published in the preliminary agenda to-day in which unions again voice in stent terms the TUC's much-peaked call for more expansionist economic policies.

ay settlements

At the same time, Congress will be urged to instruct the TUC general council to make strong representations to the Government over its policy of trying to limit pay settlements in the public sector.

The level of unemployment and technological advances are cited as arguments for during the length of the working week, extending holidays and lowering the retirement age.

The rising cost of living will be used by unions to support demands that there should be a national minimum wage of £20 a 40-hour week.

The Inland Revenue Staff Federation will lead an attack on recent and proposed changes in the tax system and will ask Congress to instruct the general council to "prepare a comprehensive

Ryland for talks to-day on Giro pay row

BY OUR LABOUR CORRESPONDENT

RILL RYLAND, Post Office chairman, and Mr. Alastair Raban, Civil and Public Services Association official in charge of the union's Post Office members, are meeting to-day to discuss the pay dispute leading to the strike by computer staff which from to-day will hit the Giro system.

Some 130 CPSA computer staff at the Giro centre in Cotle, Lancs, have stopped work to-day and to-morrow. If no agreement is reached, they will strike for three days next week, after days the week after and so indefinitely if the dispute is not over. As well as disrupting Giro, the strike is expected to hold up about £7m worth of telephone accounts sent out weekly to customers.

In addition to the Booth staff, one 220 CPSA members at three other PO computer centres in London, Edinburgh and Derby were due to stop work to-day until the union's pay row-off is settled.

A restructuring of pay scales as given more money at the highest point to a subordinate group of workers than the senior grade staff get on the lowest three points of their scale.

Prison officers awarded 12.8% pay increase

HE 11,600 prison officers in England and Wales have been awarded a 12.8 per cent pay increase backdated to January 1 this year under an agreement reached in negotiations between the Home Office and the Prison Officers' Association.

The Home Office explained that the increase, well above the overall average, was "a direct consequence of rises already agreed in the pay of civil servants in other trades to which the prison officers' pay was linked."

The amount of the increase had been arrived at by an agreed method of comparability with other grades, which had been followed for more than 10 years. At the same time, prison officers had been granted improved pay for Sunday working which amounted to 1.8 per cent, of which other civil servants received in January, 1970.

The inclusive pay of basic rate officers has been £18.23 a week, rising by annual increments to a maximum of £24.85 at Chrysler's plant in Scotland.

Scotch tax payments recover

FINANCIAL TIMES REPORTER

COCH WHISKY made a spectacular recovery in May in its tax payment for the bone market, after being down every previous month this year on the month of May.

These decreases were largely caused by heavy stockpiling in view of the wholesale price increases last October. But now the stocks have been cleared and in May £24,000 proof gallons of Scotch were tax-paid for the bone market, a 228 per cent increase on last May's £8,000 gallons.

The running total for the first two months of 1971, at £15.5m.

THE 1971 NATIONAL MANAGEMENT GAME

Rolls-Royce purrs to a £2½m. win

BY MICHAEL DIXON

THE national management champions of 1971 are Rolls-Royce (1971). After a seven-hour contest on Saturday five hard men from the financial controller's office of the company's Derby engines division received the silver champion's trophy bowl from Sir Gordon Newton, Editor of the Financial Times.

"It is a bigger filly than you could imagine," said Mr. Denis Thomas, who is 38 and leader of the winning team. When the computer-based business game started with 780 teams in January, even he could not have imagined just how gratifying a Rolls-Royce victory would prove.

"We have shown that our company is still on the map," Mr. Thomas added. "As for myself, I am delighted . . . and utterly shattered."

The results of the final, however, show that it was Rolls-Royce's three competitors who were shattered. The champions finished with a paper profit more than half as big again as that of the second team, Crossley Carpets of Halifax.

Serious

Third came Peat Marwick Mitchell, whose five players needed no reminding that one of their partners, Mr. Rupert Nicholson, was appointed receiver and manager of the old Rolls-Royce company. Mr. Nicholson was at International Computers' headquarters in Putney to see Rolls-Royce collect the trophy. "When I handed over in May," he said, "I thought I was doing my very best to show what a magnificent set of assets I was handing over. This result shows an asset that I didn't know about." Fourth were Manganese Bronze Holdings.

Anyone who has played in the National Management Game organised by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales, knows that

comes second, third or fourth

—even out of an initial entry of nearly 800 teams—is no consolation. To a cold eye, running a paper company making and marketing an imaginary consumer-durable product may seem a light-hearted recreation for working managers. However, the business soon becomes very serious indeed to the

makes another set of decisions for the next period, and so on. There are a number of different markets. For example, in a group of four teams market No. 1 is the "bone" market of team A; No. 2 of team B; No. 3 of team C; and No. 4 of team D. Aoy team may sell in any market, but in its "home" market the team has the advantage of lower distribution costs.

In addition each group has another market available. This is a free-for-all in which all teams compete on equal terms. This year's final round really started when the finalists met for the first time on Friday

started by setting their prices too high and spending relatively little on marketing.

Switchback

The result was few sales and a sudden halving of the cash available to the team, which came from Peat's Electronic Data Processing Audit department. The team immediately slashed selling prices for the second period, but over-compensated. The result was a flood of orders and an embarrassing abundance of cash. Up went the prices again, and away went the cash. Down went the prices

customers." Manganese apparently unimaginatively pursued their initial policy. "We concentrated on high marketing in our home market and the free-for-all," Mr. Thomas explained. "We started with reasonably high prices, and reduced them round by round as our increases in plant capacity and research and development expenditure brought our unit costs down."

Once Rolls-Royce had established a lead, this steady reduction of price levels proved an impenetrable defence.

Asked if they would enter the game again, Mr. Thomas said: "Absolutely definitely." The other finalists, though less ebullient, seemed of similar mind. "We not only got enjoyment and some useful publicity out of it," came a typical comment from a senior member of one of the losing teams. "Just look at my chaps. We started in January as six individuals who knew each other fairly well. Now we are working together like Siamese sextuplets."

New game

All of the 780 teams which took part this year—and, indeed, anyone else—will have another chance to become national management champions. After Sir Gordon Newton and Mr. Douglas Marpeth, president of the Institute of Chartered Accountants, had presented the trophy and individual prizes, Sir Gordon announced that the sponsors will run a third National Management Game for 1972. The entry list will open in the autumn.

The national championship, however, may not be the highest prize in future. The British games have sparked off similar exercises overseas. Games are established in Denmark and Australia; one is about to be launched in Singapore; and plans are being made in other Western European countries. The sponsors are now hoping to have some form of international championship before long.

RESULT OF NATIONAL MANAGEMENT GAME, 1971

Finalists started in identical positions, with £17,717,050 total assets

	Cumulative profit after each "play" (trading period)					
	1	2	3	4	5	6
£	£	£	£	£	£	£
ROLLS-ROYCE (1971)	337,840	817,380	1,523,940	2,104,180	2,289,410	2,496,080
CROSSEY CARPETS	201,460	564,220	1,092,430	1,321,650	1,465,100	1,541,870
PEAT MARWICK MITCHELL	88,140	446,170	586,990	867,460	1,242,400	1,339,780
MANGANESE BRONZE HOLDINGS	11,990	406,600	752,030	703,560	781,660	976,240

cessive trading periods. At the end of a round of plays the team in each group which has accumulated "the greatest net profit available for distribution" goes forward into the next round.

Prices set

In every round, each team starts in an identical position with the prices of its imaginary product standing at about £40.

The team then decides what prices to set for the first trading period, and how much of its available finance to allocate respectively to such things as research and development, increasing production capacity, and marketing. The results of each period's trading are worked out by computer and the team

night at ICL's training centre in Buckinghamshire. Observers remarked how well the players from different teams were mixing. When formal play began on Saturday morning one team, huddled round a bottle of Alka-Seltzer, declared that the previous evening's activity had not been simple conviviality, but a "systematic personality assessment" of their opponents' players.

The result was the firm conclusion that Peat Marwick Mitchell were the danger men. The other players seemed to have formed a similar high estimate of the accountant's belligerence.

It was probably this preoccupation with Peat's that allowed Rolls-Royce to establish themselves in an early lead.

Peat's, on the other hand,

had once again Peat's were embarrassed by riches.

By the time they got off the switchback, the accountants were too far behind. Their team chairman, Mr. Ian Watson, rightly attributed their troubles, not to a bad cash policy, but to failure to anticipate what prices would be set by their opponents.

Manganese Bronze — considered the dark horse by some observers — also made an initial mistake. This was virtually the mirror-image of Peat's misjudgment. Manganese started by setting prices too low and spending heavily on marketing.

The result was a mass of orders, and the team did not have the plant capacity to supply many of them. The computer programme penalised them on behalf of all the "dissatisfied

leadership by the later stages. This policy had worked in the earlier rounds, which were played by post, but it did not work in the "live" final.

Relentless

The runners-up, Crossley Carpets, had by comparison a relatively smooth ride. Their

mistake was to let their plant capacity fall steadily as the game progressed.

At the end, although they had the cash resources to attack Rolls-Royce, they did not have the capacity of products.

"We made our attempt," commented Mr. Derek Stollery, the Crossley team chairman, "but Rolls proved to be well set up."

The champions achieved this position by relentlessly—and

3—Leave the charges as they are.

It was said yesterday that no decision had yet been taken or which of these courses to adopt. It was unlikely that anything would be announced until later in the year.

9% rise in builders' merchants deliveries

BY MICHAEL CASSELL

A FURTHER indication of increasing construction activity in Britain is provided in figures released over the weekend by the National Federation of Builders' Merchants.

The Federation reported that, in the first five months of this year, deliveries of materials to building sites showed a rise of 9 per cent over the corresponding period in 1970. Deliveries in May were, on average, up by just over 7 per cent, on the same month last year, in contrast to figures for April when the rise was confined to a little more than 2 per cent.

These encouraging figures follow Government statistics published at the end of last week which provisionally estimated that new orders taken during May were 11 per cent up on last year's level. At the same time, it was shown that private house-building activity in June had reached its biggest point for at least two years.

In May, activity rose by 19.5 per cent in the South West and South Wales while orders fell by over 2 per cent in the North-West. Again, London and the South East came nearest to the national average of 7.3 per cent for the month with a rise of just over 10 per cent.

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The Federation, which represents 95 per cent of all merchants, bases its findings on the adjusted value of materials and products delivered to building sites.

Pressure for increase in U.K. newsprint prices

FINANCIAL TIMES REPORTER

PRESSURES are building up for an increase in the price of newsprint in the U.K. following rises announced in North America.

Reed International declared last night that there would certainly be an increase in the cost of newsprint in 1972. In North America, Anglo-Canadian Pulp and Paper, which is part of the Reed Organisation, has already announced an increase of \$8 a tonne.

The same rise, to \$168 a ton from November 1, for newsprint in North America was announced yesterday by Bowater Inc. It had not yet been decided whether Canadian newsprint imported by the Bowater Paper Corporation to the U.K. will be raised in price. Mr. Jack Miles, the company secretary, said:

"It is no secret that when U.K. producers last wanted to raise their charges, at the beginning of 1970, the increase was halved to £3.50 because of fear of Scandinavian competition."

A statement from the Scandinavian countries about their intentions on the price front in 1972 is expected in the near future and this will give British manufacturers an idea of the limits within which they will be able to operate.

British newsprint manufacturers, who are very anxious about cost pressures, would dearly like to follow the rising Canadian price trend, but

Scandinavian importers to the

real cost of prescriptions, or 2—Periodic increases in the flat rate prescription charge, now 20p an item. Such increases would have to be large if they were to produce the savings envisaged under the Government's original proposals:

1—An entirely different method of relating charges to

the cost of the medicines supplied.

Ministers recognise that it

would be difficult to operate a

"cost-related" scheme in the

face of this opposition. They

are therefore studying three pos-

sibilities:

1—An entirely different method of relating charges to

the cost of the medicines supplied.

2—Periodic increases in the

flat rate prescription charge, now

20p an item. Such increases

COMPANY NEWS + COMMENT

Confidence at Shipping Industrial

WITH THE BROADER and stronger base now established at Shipping Industrial Holdings, chairman Mr. J. O. Hambleton and Sir Alexander Glen, his deputy, say they would expect 1971 results to be comparable on a like-for-like basis with those achieved in the favourable year of 1970. They view the future with confidence.

Results so far this year from underwriting, insurance broking and shipbroking are "distinctly encouraging." The forwarding division and the holidays company (Clarksons) both suffered considerably from the postal strike, but the effects are unlikely to have any influence on trading in the year as a whole, they state.

In the holidays, continued consolidation and improved systems should ensure improvement in profitability to be achieved.

Overall, to look further ahead is often impossible they stress, but at this stage while SIH is better able to withstand problems or setbacks in any one part of operations, its broader base should equally encourage growth as well.

In the year 1970, profits amounted to £1,292,215,

including Landet Trust. Excluding Landet the result on a like-for-like basis would be £2,890,000 (£1,667,000). The dividend is raised from 4.5p to 8.75p per 25p share.

Mr. Hambleton and Sir Alexander point that particular mention should be made of the continuing improvement achieved by the profit division which, with a net profit of £55,000 for 1970 has effected a turn round in profitability of almost £400,000 in three years.

Insurance underwriting and broking had good years while the holidays company carried profitably over 1m. passengers.

In shipbroking the new contracts and general trade sales operations were "incredibly busy" and transactions of over £130m. in value were concluded by the sale and purchase department.

The original Clarkson Insurance Broking Group achieved an advance from £33,000 to £33,000 in pre-tax profit.

The division entered the current year with plans for continuing expansion and increased profitability and we view the future with optimism.

An executive share incentive scheme is proposed. The total number of shares to be made available shall not exceed 783,138—5 per cent. of the present group equity.

Meetings, Gt. Eastern Hotel, EC, August 24 starting at 11.30 am.

• comment

Shipping Industrial Holdings' share price has come back from 29p since the preliminary figures were announced in mid-June to the current 23.5p (a new low for 1971). With the F.T. Shipping index up 12 per cent. alone over the period, this lack of popularity may partly reflect the recent bad publicity given to the overbooked situation on some Clarkson's holidays, and the qualification by the auditors in the latest accounts is hardly likely to help matters—though this needs to be put in the context of a new computer system and a rapid increase in passenger traffic. In any event, with earnings (fully taxed) of 20.5p last year and a current p/e of 12, the reaction may have been overdone, since taking in Onee Shipping, the holidays contribution is under 10 per cent. of the pretax profit total and, apparently, on an improving trend.

Chairman's Statement Page 5;

See also Page 1

Pleasurama's first half casino loss

First half net profit of Pteasurama increased from £17,000 to £15,000 and the interim dividend is held at 20 per cent. At least one-tenth of all the costs have been forecast for the year to September 30, 1971, on capital increased by a one-for-four rights issue.

Chairman, Sir Harmer Nicholls stresses that the half year figures are in no way indicative of the full year's results (233.42 before tax for the year to September 30, 1970) partly due to the seasonal elements and more particularly as most major developments were still under construction.

This programme, with the exception of the Mayfair, Brighton and Southsea casinos, has now been completed. The casinos in Brighton and Southsea are scheduled to open this autumn and the Mayfair casino will be opened in 1972.

At present, Sir Harmer cannot give a forecast of the full year's results.

The casino division has been disappointing and although the longer term prospects are good, it is clear that the internal forecasts made will not be met in the current year.

The half year figures include a loss of £14,000 for the casino division and the chairman is doubtful that it will make any contribution to profits for 1971. Mr. M. Bassett has now ceased to be managing director of the casino division. Its management

HIGHLIGHTS

The relatively thin list of company statements due this week is symptomatic of the summer season. However, the next few days should not pass completely without excitement and in particular a good deal of attention is likely to focus on the half-year figures from the Royal Dutch/Shell Group on Thursday. British-American Tobacco's interim announcement, scheduled for tomorrow, will also be eagerly awaited. Coming hot on the heels of the relaxation of HP controls, United Dominions Trust's preliminary statement on Wednesday will also be of some interest, and elsewhere in the financial group, insurance brokers Sedgwick Collins are expected to reveal improved profits after six months on Tuesday. Representing the property sector, Slough Estates (interim) and Town and City (prelim), are both reporting on Wednesday.

is being integrated into the overall structure of the group. Various major new developments recently undertaken are being consolidated and will add to the stronger base will enable us to move forward on our next phase of expansion" the chairman adds.

The first half profit was struck after bank and other interest £20,000 (£16,000), directors fees and emoluments £11,000 (£5,000), depreciation £7,000 (£7,000) and minority interest £1,000 loss.

8% forecast by Eldridge Stableford

FOLLOWING THE various changes, Mr. P. A. Eldridge, chairman of Eldridge Stableford Co. (formerly Juniter), says group profits for 1971 should substantially exceed the pre-tax figure of £135,000 forecast last March.

He adds that the following year should reflect the full benefits of the group's new activities with a considerable increase in earnings. Meanwhile, a dividend of not less than 8 per cent is envisaged for the current year.

Members are asked to approve an increase in the share capital by way of a rights issue in order to repay some existing short term loans and continue an expansion programme.

Barring unforeseen circumstances the chairman anticipates that a dividend of at least 8 per cent can be maintained in the current year on the enlarged capital.

As known pre-tax profit for the 18 months to March 26, 1971, was £207,516 (£143,510 year) equal to an average of £205,010 on an annual basis. The dividend is 12 per cent. (5 per cent or 8 per cent annualised).

A breakdown of turnover:

Interiors—£1,244,423 (£1,141,423 omitted);

Clay Richard—£1,244,423 (£1,141,423 omitted);

Aug. 19

Res. Area—£1,244,423 (£1,141,423 omitted);

Aug. 11

Plastics—£1,244,423 (£1,141,423 omitted);

Auri Boulon—£1,244,423 (£1,141,423 omitted);

London Electrical and Gen. Trust—£1,244,423 (£1,141,423 omitted);

Aug. 4

Town and City Properties—£1,244,423 (£1,141,423 omitted);

Aug. 4

and profit shows shipping £1,430,513 and £305 (£265); engineering £2,334 (£1,758) and £304 (£246); insurance broking £864 (£603) and £187 (£109); property development and finance £283 (£111) and £42 (£56). Investment income less interest came to £74 (£150).

• comment

On the face of it Bristol Plant's results for the 18 months to the end of March show a significant break with the dull record of the late sixties as pre-tax profits are 43 per cent. up on an annual basis.

But for the last six months of the period profits did, in fact, fall by 17 per cent. over the corresponding half, and in common with the rest of the plant hire industry the current year outcome on this side will be affected by the abolition of investment grants and the recent sizeable increases in the cost of new plant. Elsewhere, prospects seem reasonably good even if, in Sweden, expansion has been slower than expected. Overall, the shares on a p/e of 7.1 (10 fully taxed) at 15p appear to be taking too much notice of previous upsets, though any upward re-rating will obviously not be helped by the imminent rights issue.

Mr. Eldridge.

However, the experience and expertise of the Board is mainly in the financial field, he points out, and so the directors have expanded interests on this front with a series of acquisitions in the last six months.

As a result around two-thirds of total assets will now be utilised in financial activities with the aim of buying investment stakes in both public and private companies where the Board feels it will be able to achieve substantial capital and revenue profits.

The accounts disclose a compensation payment of £1,250 to Mr. J. L. M. Bacal for loss of office.

Meeting, 5, Belgrave Square, SW, August 25 at 11 am.

• comment

After several years of profits under £50,000 pre-tax, Eldridge, Stableford underwent a complete transformation in 1970 and in addition to a change of name the group's activities were concentrated on investment banking and children's clothing. Though these changes made little impact on last year's results, they should start having an effect from now on.

The March forecast indicated a sizeable jump in 1971 profits, given earnings of 0.4p a share and a p/e up around 30 at 15p. But this looks very much a maximum as important additions have been made on the investment side since March and profits are now

expected to "substantially exceed" the earlier forecast with more to come in 1972. The shares are likely to remain a speculation, however, until some more tangible evidence emerges.

Chubb Group consolidates fire interests

THE CHUBB GROUP has consolidated its fire protection interests with the formation of a new company, Chubb Fire Security, which began operations on July 30.

The organisation will have a work force of 3,000 and a turnover exceeding £15m. and its products will include the full range of fire engineering equipment.

The companies of the Chubb group which are being integrated to form the new company are Pyrene Company, Minimax, Read and Campbell and Samuel Jones.

The group will continue to use the individual brand names of Pyrene, Minimax, and Read and Campbell.

Mr. G. E. Ward Thomas, managing director of Yorkshire Television points out that the pro-

Bristol Plant expansion

WHILE pointing out that plant hire and the construction plant industry is passing through a difficult period the chairman of Bristol Plant, Mr. L. Roydon, is confident that profits will continue to rise in the coming years.

Members are asked to approve an increase in the share capital by way of a rights issue in order to repay some existing short term loans and continue an expansion programme.

Barring unforeseen circum-

stances the chairman anticipates that a dividend of at least 8 per cent can be maintained in the current year on the enlarged capital.

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expected to "substantially exceed" the earlier forecast with more to come in 1972. The shares are likely to remain a speculation, however, until some more tangible evidence emerges.

S & P Capital Units payment increased

GROSS distribution on Save and Prosper Capital Units for the six months to June 15, 1971, is 32.7p for the same period last year.

The offer price of the units rose from 28.75p to 32.8p during the half year, an appreciation of 14.05 per cent.

The latest half yearly report on the trust shows that on June 15, 1971, Capital Units was valued at £38.5m. representing 150.9m. units held on behalf of 61,250 investors.

UK investments accounted for 54.66 per cent of the fund, 22.79

per cent. invested in the U.S.

and 12.55 per cent. in Japan.

With the introduction of the

new units, the trust's

total assets have increased by 17.14 per cent.

Ordinary dividend £1.00 (£0.80).

Capital dividend £0.20 (£0.16).

Dividend per unit 10.00 (£8.00).

Dividends per unit 10.00 (£8.00).

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The thesis of the shift toward thrift

Lombard

Free vote would be another charade

BY C. GORDON TETHER

THE FACT that the biggest support for the idea of a free vote in the Commons on British entry into the EEC comes from committed Tory anti-Marketees may create the impression that a decision to indulge dissident voices on both sides of the argument in this manner would ensure a more democratic outcome to the Great Debate than the "whipped vote" Mr. Heath is at present insisting on.

It has to be recognised, however, that they have a special reason for wanting this, seeing that without it they could conceivably ultimately find themselves having to choose between deserting their cause in its hour of greatest need and signing the death warrant of their own Government. Much more relevant, I would have thought, is the striking evidence provided by the free vote on capital punishment— that once the party line has been established—as it has been in the EEC case—it has been impossible to resist the pressure to line up behind it whatever the weight of the considerations impelling them to do otherwise.

Pertinent

There was still just a chance of Mr. Heath sanctioning a free vote on the EEC issue, said a recent newspaper report, explaining that Ministers saw among its attractions the likelihood that it would produce a bigger majority for entry. The implication that it wouldn't have the same appeal to them if there was any risk of its producing the reverse effect brings one thing out clearly. This is that, if it does come to pass, it will not be as a result of the Prime Minister's belated conversion to the proposition that MPs must at all costs be given maximum freedom to respond to the wishes of their constituents in a matter of such transcendental importance for their future.

This is itself a pertinent commentary on the claim that a free vote could be relied upon to strike the right democratic balance between a whipped vote and referendum. The outcome of the so-called free vote on capital punishment is no less instructive. On that occasion two out of every three Conservatives voted for retention of the death penalty whereas, of the 240 Labour votes cast, all but one—a mere one—were for abolition.

Their images

It would, of course, be absurd to suggest that, in a matter cutting so much across Party lines and on which the public held strong views, you could get a disparity of this size and nature between the behaviour of the two factions if all MPs had been regarding themselves as completely free to vote in accordance with their consciences, constituents' attitudes or any of the other non-party considerations that are supposed to shape their attitudes in such circumstances.

Quite clearly, the one thing that could have resulted in Labour MPs voting almost to a man for a seemingly non-political proposition must have been concern for their political images. And there can be no doubt that the same factor would similarly influence a free vote on the Common Market.

Committed

It might have been different if the Government had stuck to the terms of the Tory election manifesto and, having discovered what the EEC countries would be prepared to accept, had come to Parliament with an open mind for its opinion. But in the event, he has committed the Party and its reputation in such degree to entry on the terms negotiated by Mr. Rippon that Conservative MPs would be certain to approach a free vote on entry into EEC in much the same spirit as Labour MPs did the free vote on capital punishment.

In short, except for those who, like Mr. Neil Marten, have already irretrievably identified themselves with the anti-Market cause, Tory MPs can be expected to respond to the party's call for support for Mr. Heath whatever their personal feelings and the attitudes of their constituents and whether or not they are under the discipline of the Whips.

In other words, a free vote would be a travesty of the real thing. Even a referendum could hardly do democratic justice with the scales weighted as heavily in the pro-Marketees' favour as they must be with the media so much on their side. But it would be the nearest we could get to that ideal now.

One explanation why the "rules of economics are not working in quite the way they used to" in the U.S., as Dr. Arthur Burns complained last week, could be that psychology cannot be programmed into the rules. But Burns' conclusion will come as no surprise to Professor Hyman Minsky to judge by that article of his on the U.S. recession for the London and Cambridge Economic Bulletin in July last year.

The crux of his thesis was that the mild U.S. recession visible at that time would run into a second wave; that the economy would be "depressed during the first half of the decade"; and that the reason for this would be a large-scale shift towards thrift by both households and corporations.

With personal savings ratio at 8.4 per cent, the highest for many years taken together with the latest batch of sluggish economic indicators, Mr. Minsky's thesis looks more likely every day.

As far as corporations are concerned we have a projected drop of 4 per cent in capital investment in 1971 from the 1970 peak. This itself would typically prove optimistic, but in any case the move towards thrift by companies is more apparent in the attitudes of corporate treasurers to funding: 1970's leap to \$30,000m. in total corporate bond issues, from an average of about \$19,000m. in the previous three years looks as if it will be easily overtaken this year. Meanwhile the ratio of U.S. corporate debt to pretax profits is pushing past seven times as against the 5½ or so which tended to prevail before 1968. At some stage the debt ratio must act as an incentive to thrift.

There are a number of economic parallels in the U.K.—the current savings ratio being the highest since 1963 for example, a similar unemployment picture and high unit trust redemption levels. However a great deal of inflation built into the economy was not due to be operating until just about now.

The high savings ratio here can therefore still be argued as a

bull point for both the economy and stock market prices.

But it will be no surprise if the equity market sees fit to pause (or react) for a number of weeks now, while it seeks proof that the consumer will indeed use his extra spending power. A distinction can be drawn between the U.S. and the less advanced consumer economies of Britain and elsewhere. Yet in psychological terms the same kind of anti-materialist, pro-environmental trends as in the U.S. are apparent here and elsewhere. The horse cannot be made to drink.

Process plant

Analysts of process plant expenditure need to be thick-skinned—witness the reaction from last year's optimism following a depressing succession of cutbacks by ICI, BP and Shell Chemicals—and they need to be flexible with, for example, roughly £250m. of petroleum refining work alone currently awaiting planning permission. All the same, the BSC's capital

expenditure plans a month ago brought one gleam of light, and now Hoare and Co., Govett are projecting an increase of around 6 per cent. in the current year's steel and process plant spending and a firm capital investment background through to around 1974.

Relating overall expenditure levels to individual contractors and fabricators is complicated by contract completion times and earnings trends which have tended to be distorted by major loss-making projects, or accountancy changes as with Woodall-Duckham and more recently Davy-Ashmore. Moreover UK-owned contractors have a limited slice of any available cake, with the U.S. being dominant in refinery construction work and, to a rather lesser extent, in organic chemical projects, which accounted for over a third of the increase in value of U.K. chemical plant projects over the 1960s.

Contractors do not have to be stuck with a depressed speciality—note Woodall-Duckham's diversification away from gas plant and coke ovens over the past 5 years. But licensing arrangements must be a major limitation to this sort of adaptability, considering that nearly half U.K. process contracts by value between 1960 and 1966 were using overseas know-how.

At present there seems to be no consensus within the industry about workload over the next couple of years. Where there

has been overdone and on the noticeable change towards a financial-as opposed to an engineering-orientation within many of the contractors and fabricators. Yet they are going to need all the financial expertise they can get as jobs get fewer, bigger and riskier—ethylene plants, for example, have more than doubled in size over the past decade. Meantime it is worth noting that the sector's share price strength since Hoare did its sums—led by Whessoe, which has doubled in the past couple of months—still forms no more than a pimple in a long-term down-trend.

Hoare's investment ease is based on the view that gloom about capital expenditure levels may have been overdone and on the noticeable change to

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since Hoare did its sums—led

by Whessoe, which has doubled

in the past couple of months—

still forms no more than a

pimple in a long-term down-

trend.

Hoare's investment ease is

based on the view that gloom

about capital expenditure levels

may have been overdone and on the noticeable change to

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